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# Latin America Report

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11 March 1986

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INTER-AMERICAN AFFAIRS

CEREZO'S GOVERNMENT RECEIVES FOREIGN AID

Italy Donates \$300 Million

Guatemala City PRENSA LIBRE in Spanish 10 Jan 86 p 10

[Text] Last night, Gen Hector Mario Lopez Fuentes, the Guatemalan ambassador to Italy, announced that a donation of \$300 million is the first assistance that Italian private entities will provide to the government of Vinicio Cerezo to reinforce its development programs.

Interviewed a few moments after his arrival in the country at the La Aurora international airport, the military man said that his presence was due to "matters involving the family," whom he had not seen for 2 years, since the time that he was appointed by the head of state to take over the embassy.

The ambassador added that Guatemala is now viewed by the European countries with a feeling of friendship, and hence the aid from the Association of Culture, Friendship and Commercial Exchange with Guatemala (ACAICG) may be used wherever the new government deems it feasible.

He added: "In addition to this entity, ITAL-3, which combines all the foreign trade, has decided to provide all the necessary assistance requested by the authorities, thereby achieving an uncommon interest in setting up industries, improving agriculture and livestock raising, and giving an impetus to development, which I understand (he said) will be handled by the experienced Rene De Leon Schlotter."

He went on to say that the Italian Government has a series of development projects which it will propose to the new authorities on the basis of a donation, for the purpose of cooperating to surmount the crisis being experienced by our country.

Upon being asked about the role played by the Army in this political process, he responded: "I would like to be fair and acknowledge the step that the armed institution has taken to consolidate a democratic system in Guatemala.

"With this position, it has given proof of good faith for returning to constitutional existence; and this is what has changed Guatemala's image in Europe, and especially in Italy."

Lopez Fuentes discussed other topics, particularly the cancellation of Col D'jalma Dominguez Lopez' commissions and his assignment as Guatemalan ambassador to Italy, which created a series of rumors regarding a possible break with Gen Mejia Victores, with whom he had shared his military career since he attended classes at the Polytechnical School. He did not disclose the reasons for having been sent into the foreign service, and confined himself to remarking: "In the Army, when duty begins, friendship ends."

#### Conditions for Acceptance Outlined

Guatemala City PRENSA LIBRE in Spanish 11 Jan 86 p 10

[Editorial: "Foreign Aid Without Strings"]

[Text] The donation of \$300 million determined by private Italian groups for the government of President Vinicio Cerezo Arevalo, and the announcement that leading businessmen are willing to invest in our country, for the purpose of cooperating in economic development, prompt varied considerations.

The phenomenon is surprising, from several standpoints: one, because of the change in a European country's public opinion regarding the government of Guatemala. The regime that has ended was an object of harsh criticism in that country, and various Italian entities joined the worldwide boycott that prevented the military government from procuring loans, and even deprived it of fundamental friendly feelings in the international community. The reasons for that are widely known. The Guatemalan ambassador himself, Gen Hector Mario Lopez Fuentes, who is the one who brought the news about the donations, was subjected to constant, severe criticism, which attained international repercussions, as has been documented by the wire dispatches from different news agencies. A hostile atmosphere surrounded various governments, as they themselves have admitted, and under those circumstances, they were not giving, nor lending, much less donating to Guatemala.

There is no doubt that the Italian groups offering the generous donation are celebrating two things: one is the arrival of a civilian government, and the other is that this government is Christian Democratic. As everyone knows, the Christian Democratic movement is a partisan group that has dominated politics in Italy since the end of World War II, and the relationship between the parties of that persuasion in Italy and Guatemala is very close. Italy may possibly be one of the countries in which Cerezo's victory has been hailed with the most enthusiasm.

For this and other reasons, we deem it fitting to reiterate the view, which is certainly well known, that any foreign economic aid must be totally free from strings, which might bind our country's government; because, normally, with donations of money, conditions of a political or commercial nature are included. If those ingredients were to be present, the Italian economic assistance would be in no respect different from the somewhat humiliating aid that Guatemala has received from certain Western governments that have demanded total subjugation, both in domestic and foreign policy.

Those experiences, wherein the economic cooperation has been associated with a subservient status, requires a process to clarify the circumstances under which the Italian gift arrives, as well as any others that might come from that and other countries. Because if, in the donors, there is a sincere desire to aid the Guatemalan population (which the government represents), it would be ungracious to begrudge acknowledgment; but if interests of another kind should emerge among the donors, the assistance should be subjected to an extensive discussion.

In any event, it must be reiterated that our country cannot trust in solving its financial problems through international charity, regardless of how generous and well-intentioned it may be. It is the obligation of any government to promote the development of the national economy and to lead it to a level that will make it possible to develop objective financial relations with foreign governments and private groups, based on the propriety, respect, and considerations that are inherent in the relations among sovereign states.

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CSO: 3248/197

INTER-AMERICAN AFFAIRS

GUATEMALA, EL SALVADOR REACH PAYMENT AGREEMENT

Guatemala City PRENSA LIBRE in Spanish 3 Jan 86 p 3

[Text] The Bank of Guatemala announced that the effectiveness of the mechanisms for payments on imports of goods coming from El Salvador, due as of 31 May of the year just ended, has been extended for 60 days.

The decision, emanating from the Bank of Guatemala and the Central Reserve Bank of El Salvador, indicates that the extension went into effect on 18 December, the date from which must be reckoned the 60 days granted to importers of goods originating in the neighboring country.

Consequently, it was noted, Guatemalan importers must see to it that every import from El Salvador continues to be paid for in quetzales, in the Bank of Guatemala (import section of the Exchange Department), filling out a form devised for this purpose.

The payment for the imports will be made at the official exchange rate of 2.50 colones for 1.00 quetzal, and may be made with a certified check or in cash, at the importer's convenience. The receipts issued by the Bank of Guatemala will serve as a record of payment for the imports.

The Bank of Guatemala will continue to report, on Monday of every week, to the Central Reserve Bank of El Salvador the amount of imports from El Salvador paid for in national currency, so that the payment may be made to the Salvadoran exporters.

Included in this measure are the imports from El Salvador made during the years 1979-85, which have fallen due, with payment pending as of 31 May 1985, which must be properly recorded in the import section of the aforementioned department; and this will be in effect until 17 February 1986.

It was also announced that the debts awaiting payment for the years 1979-82 will be collected on following an accounting review of the legitimacy of the debt.

Finally, it was observed in the decision that the payment for imports coming from El Salvador, payable with foreign exchange from the free market, and made after 16 November 1984, which fell due on 31 May 1985 and are awaiting payment, must be channeled through this payment mechanism; for which purpose it is necessary that they be previously recorded in the aforementioned section.

INTER-AMERICAN AFFAIRS

GRENADE EXPORTERS CITE TRADE PROBLEMS WITH TRINIDAD

Port-of-Spain TRINIDAD GUARDIAN in English 14 Feb 86 p 1

[Text]

ST GEORGE'S, Feb. 13, Cana — PRESIDENT of the Grenada Chamber of Commerce and industry (GCCI), Brian Pitt, says local exporters are still encountering difficulties getting their products into Trinidad and Tobago.

Although Trinidad has officially implemented most of the Nassau Understanding there appears to be some bureaucratic tie-up in the issuing of licences and those other forms which allow goods to flow freely into Trinidad and Tobago, Mr. Pitt told Cana.

Trinidad and Tobago has introduced the tariff provisions of the Nassau Trade Agreement by Caribbean Community (Caricom) leaders but there has been no official word on whether it has dismantled its import licensing system, as the agreement also requires.

Tariffs on a range on non-Caricom goods have been raised as part of the move to increase trade in the grouping.

Grenadian manufacturers have been complaining in recent weeks of not being allowed to get their products into Trinidad and Tobago which is 90 miles south of here.

Mr. Pitt said Grenada had notified Port-of-Spain of the concerns of local businessmen.

"We have informed the appropriate bodies (in Trinidad and Tobago) of our concern, and we are confident that they would find a solution to ease the situation very soon.

"We can only hope that those bureaucratic tie-ups would untie themselves as quickly as possible so that again there would be free flow of trade in the region," he said.

Trinidad and Tobago is Grenada's major trading partner within Caricom.

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CSO: 3298/323

INTER-AMERICAN AFFAIRS

BARBADOS DENIES IMPOSING BAN ON TRINIDAD-TOBAGO GOODS

Port-of-Spain TRINIDAD GUARDIAN in English 14 Feb 86 p 1

[Text] Barbados has not placed any ban on the importation of products from Trinidad and Tobago. This was made clear yesterday in a statement from the Barbados High Commission in Port-of-Spain dealing with trading problems between the two Caricom States.

The denial follows reports from Bridgetown that a ban was placed on certain products from Trinidad and Tobago because Port-of-Spain had not yet fully implemented the Nassau Accord which facilitates trade between Caricom member countries.

The High Commission, which delivered the statement following one issued by the Ministry of Industry and Commerce in Port-of-Spain earlier this month also clarified matters raised in the Ministry's statement.

The Ministry's statement pointed out that the total value of licences approved for the importation into this country of goods from Barbados in 1985 was TT \$90.5 million.

"It is instructive to note that for the period January to November 1985, imports from Barbados amounted to TT \$46 million, but for the same period a total of 699 licences with a value of \$85.9 million have been issued," the Ministry pointed out.

The commission explained yesterday that this inferred that for the entire 1985, additional goods to the value of TT \$44.5 million would have been imported from Barbados, had the importers collected their licences.

Taking issue with this, the Commission emphasised that delays experienced in 1984 and 1985 in having applications processed led several importers to submit more than one application over a period of time for the same order in the hope that at least one of them would eventually be approved.

## Through Dialogue

This was one of the factors which the Commission claimed had more significantly contributed to this situation.

"Where more than one such application was subsequently approved, the resulting duplication left these importers with licences in excess of their actual requirements.

"Some licences, when approved were for such short periods--in some cases only three to four weeks--that it would not be possible for importers to confirm orders and have the commodities shipped before expiry of the licences.

"The position was made even more difficult as ECOs could only be applied for after approval of licences. And on many occasions importers' applications for ECOs were either rejected in their entirety or substantially reduced after much delay."

Extending gratefulness to the Ministry for information on licences not collected, the High Commission noted that information was examined and conclusions passed on to the Ministry.

The High Commission stated: "It is worth noting that on the basis of this information only TT \$2.85 million in approved licences for 1985 remained uncollected, less than seven percent of the \$44.5 million which was not traded.

"In contrast, exports by Trinidad and Tobago to Barbados for the period January to October 1985 were approximately TT \$127.3 million (Bar. \$106.1 million).

The High Commission firmly believed that the trade problems between the two countries could be resolved through continuing dialogue.

The statement concluded: "The Barbados High Commission also takes this opportunity to state categorically that the Government of Barbados has not placed any ban on imports from Trinidad and Tobago."

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CSO: 3298/323

ANTIGUA AND BARBUDA

ACLM COMPLAINS OF 'DECEPTION' BY OPPOSITION PARTIES

St Johns OUTLET in English 31 Jan 86 pp 1, 2

[Text]

We have been reliably informed that three opposition parties, PLM, UPM, and NDP and their respective leaders have met. ACLM was excluded.

We have also understood that the exclusion of ACLM was deliberate, calculated and intentional.

We have been informed that the reason for the exclusion of ACLM is that "the Americans will not be happy once ACLM is included".

In response to this we in ACLM would wish to say that we will not belong to and will not participate in any organisation because it is acceptable to the USA or the USSR.

Whatsoever is acceptable to the United States in Antigua or the Caribbean, once acceptability to the USA is a prime criterion, CANNOT be in the interest of the **self-determination** of Antigua/Barbuda and the wider Caribbean. What is not in keeping with the principle of self-determination is downright dangerous, and nothing short of dangerous.

We do not wish to tell the United States what or who we find acceptable in the political life of the USA. By the same token, while we acknowledge and

respect the immense power of the United States, we reject completely and absolutely its interference in our internal political life and its setting standards of which leader and what political party is acceptable and not acceptable. No way!

We wish to say no more on this subject at this time save that ACLM will at no time compromise on the right to self-determination and at no time will we concede or accept interference by any external power, however mighty or however powerless, in the internal affairs of Antigua and Barbuda. That principle is non-negotiable.

We will rather remain powerless than enter any union or organization whose claim to existence and whose reason for being is its acceptance by a super-power. That violation of the principle of self-determination means eternal ruin, and endless in-fighting, back-biting all of which cannot be in the national interest and constitutes a backward step.

We are amazed that leaders who engage in friendly discussion with leaders or members of ACLM on a weekly and sometimes daily basis, would not have had even the elementary courtesy to tell us that they intended to meet to

bury their own individual and quarrelsome hatchets of the past, and to this hatchet-burying ceremony we would not be invited, but subsequently when meaningful discussions were to take place we would be invited. We would have accepted that without question.

However, what we will not accept is our exclusion to be brought in when others external and internal see fit.

What we cannot accept is the deception of speaking to us up front and doing another thing behind our back. The Machiavellian has always been abhorred by us. No slicks and no tricks. Straight up, or nothing. Otherwise, corruption, of one kind or another is the certain result.

Those who have excluded ACLM might well continue to so exclude, so meet without us, so engage without us, so marry without us as either witness or well wishing audience.

Any political unity of opposition parties, conceived in distrust, hatched in mistrust, reared on alien dictates and nurtured in suspicion is bound to break-up in divisive and squalid disputes. As happened before when these same forces were in one party. ACLM, to be sure, will join no unprincipled union, will not join unreconstructed Rightists for power's sake, only to break up when the Rightists go down the same old path for want of interest or desire for a new life for the overwhelming majority of Antiguans & Barbudans.

Thus ACLM regards the secret meetings of PLM, UPM and NDP as nothing short of a ganging up against ACLM, more opposition to ACLM and its programme of change, than opposition to Bird in his endless corruption.

ACLM is irrevocably and unshakably committed to a programme and policy which creates a **national Economy**.

A National Economy in which all land is owned by the people of Antigua and Barbuda, and inalienably so.

ACLM is irreversibly committed to a National Economy in which the State mobilises capital and enables workers, farmers, women and youth, to engage in meaningful economic enterprises.

ACLM cannot and will not be moved from a policy which allows the people to have a **direct** say in their own affairs through Community Councils which self-determine community needs in utilities, housing, sanitation, education and meets those needs by active participation of the community members themselves. There is **no other way** to create and develop democracy by the involvement and active participation of the people in their own affairs. **Mere General Elections once every five years for five minutes in voting booth do not a democracy make.**

ACLM is firmly and resolutely committed to the idea that where there is not the full enjoyment of human rights human development is thereby circumscribed, reduced to statistical gains, mere figures without human value.

ACLM is equally of the view that any political union forged in deception, created in distrust, and which brings Right and Left together in a marriage of convenience, studded with pitfalls along the way and certain to miscarry with the ceaseless manipulation of external powers.

Above all ACLM, is committed to a Caribbean Nation involving and including all 27 island and coastal nations of the Region. Only in such a Union of the Caribbean will each territory find economic viability and end dependence on external powers. ACLM therefore sees the Caribbean moving forward, when in each island or Mainland State new and progressive forces create people's power in each territory, and on that basis unite the Region.

ACLM will not enter a grouping of parties bred in secrecy and deception, and do not propose to become anybody's mouthpiece, work-horse or house-slave.

ACLM has borne the heat of the struggle, has stood firm against One-Party State Power, has at great risk exposed corruption, has championed human Rights defending the great but moreso the small and voiceless with malice towards none and charity towards all. We will continue so to do, certain in the knowledge that the principles by which we live and the programme we advocate in the interest of the overwhelming majority of Antiguans and Barbudans will bring its own just and due reward

Sgd. C. Luke - Acting Chairman ACLM  
Arah Hector - Chairperson AWM  
George Goodwin- Vice Chairman ACLM  
Harold Lovell - General Secretary  
Jerome Bleau - Co-ordinator  
Adlai Carrott - Asst. General Secretary  
Cyril Christian - Organiser.

/9317

CSO: 3298/324

ANTIGUA AND BARBUDA

ATLU, ACLM ORGANS HIT GOVERNMENT FOR LABOR POLICIES

Wages Issue

St Johns THE WORKERS VOICE in English 22 Jan 86 p 1

[Text]

Every Government employee including Government Ministers have been granted some kind of increase in either salaries or allowances during the last two years, except the employees of Government Statutory Bodies, especially those represented by the A.T.L.U. The Union is fed up and the employees are frustrated.

Cabinet early last year made an unconstitutional decision, demanding that all statutory bodies discontinue negotiations which were in progress and not to enter into any negotiations. All this inspite of the Union having fulfilled all requirements of the Labour Code, and winning the 'count' at these work places. An inquiry into the operations of six of these Bodies was carried out by Dr. pat Lewis. His findings were handed to Cabinet nearly a year ago. They were eventually handed to Minister O'Mard for his recommendations. His recommendations were given to Cabinet many months ago. A team was set up by Government to negotiate with the Union on behalf of those bodies which were unionized. This was several months ago. The convenor of this team is Bank Inspector from the Ministry of Finance Mr. Hudson Ambrose.

After several attempts by the Union to meet with the government team, we were eventually successful to stage the first meeting with Mr. Ambrose and the management of State Insurance in early December. The convenor informed the Union and employees that December was a busy month for members of his team so he would have to start in early January. Since then the Union has been trying to get Mr. Ambrose and his team to continue with the talks, always to be told that he was trying to study all Government Corporations, before he could start. An exercise in futility as many of these Corporations are not even Unionized. The Union has asked the Rt. Hon. Prime Minister to get his team to start negotiations immediately. I have made no threats, but I am dam fed up.

It is unfair that all other Government employees have been granted an increase, Civil Servants, Nurses, Teachers, Police, Pensioners and non-established workers, who were given between 8 and 17 per cent, even

Government ministers gave themselves a whopping increase in their allowances, doubling their constituency, allowance from \$500.00 to \$1000.00 per month and introducing a house allowance of \$900.00 per month, a mammoth increase of \$1400.00 per month. All this back-dated to 1st September, 1984. Yet not even an interim increase could have been paid to the Statutory bodies so that they could have some spending money for Xmas, but the extra \$1400.00 was paid from December '85, so that some people could have spending money for Xmas.

In face of all this, the Government owes money as back-pay to all its employees, 4 hours pay for - CBH workers which was withheld. Vacation pay dating back 10 years for C.B.H. and Public Works workers. Severance pay for A.S.I.C. and Diamond employees, who have not been paid because the Government claims that it has no money. Workers are becoming extremely dissatisfied, and if nothing is done very soon to alleviate the situation the country can be prepared for problems. Enough is Enough!

#### Development-vs-Labor Issue

St Johns THE WORKERS VOICE in English 25 Jan 86 p 1

[Text]

The Antigua Labour Party, now in its third consecutive term of office, since it was returned to power in the 1976 General elections, has continued to move the twin island state of Antigua and Barbuda steadily along. The party was returned at the 1984 General Elections with virtually no opposition, certainly none in the island of Antigua and a crony in Barbuda. The industrial program, started in 1976, has continued at a rapid pace, with new projects, and large ones at that, being established regularly.

The latest of these projects is the St. John's City development. A project which calls for the reclaiming of about 13 acres of land in St. John's Harbour, on which would be developed a complete shopping centre and Mall, suited to both visitors and locals. It also envisaged a water front road running along the newly reclaimed water front straight down to the Hawksbill Hotel/Five Islands area. There will also be marinas to attract Yachts and other luxury craft to the down town area. All government buildings in the area will be transferred into beautiful international shopping centres and made available to both locals and others who are willing to participate in this elaborate scheme. The Deputy Prime Minister is extremely excited about this development describing it as the best thing to have happened to this country for the last three decades.

A very encouraging note to the success of this venture is that the Deputy's enthusiasms has transcended to the staff at his ministry, who are just as equally as him

interested in making the project a success.

With the construction of the new Desalination Plant and Electric Generators at Crabbes, the re-surfacing and extension of the run-away, the construction of the multi-storey hotel complex at Diepe Bay and all other construction which is taking place all over the country, the future looks bright, especially with reduction in the un-employment figures. With these achievements the Government can be justly proud, but its relationship with workers in this country leaves lot to be desired. While capital has been exalted in all these developments, its essential partner LABOUR has been completely ignored. We hope that after the rumored mid-term reshuffle, that the Rt. Hon. Prime Minister would see to it that 'Labour' is returned to its rightful position at the top where it has been most of his life.

We intend to express our concern about the St. Johns development Corporation Act 1986. Less we be misunderstood we are in full support of the new development but we do have some reservations.

#### Cabinet Deception

St Johns OUTLET in English 24 Jan 86 pp 1, 2

[Excerpt]

The Bird Government in a sneaky, almost clandestine way, well hidden from the public eye, have given themselves substantial pay increases. They can run from Outlet, but they cannot hide. At any rate not for long.

These new increases are given to the entire Cabinet as part of their perks, in spite of the current financial difficulties and cash flow problems which the Bird regime has acknowledged it is currently experiencing.

Late in December, when the AT&LU, the 'industrial arm' of the ruling party, approached Prime Minister Bird, who decides all things, PM Bird then acting as Finance Minister let the Union men know that the Government had no money to pay its non-established workers because the Government was experiencing serious cash-flow problems.

HOWEVER, IN THE WAKE OF THIS ADMISSION OF SERIOUS FINANCIAL PROBLEMS CABINET VOTED ITSELF, A WHOPPING \$1400 INCREASE PER MINISTER, PER MONTH, SENIOR AND JUNIOR MINISTERS OR MINISTERS WITHOUT PORTFOLIO IN-SIVE.

The increases were not made to the Birds and Birdlings salaries but to their allowances, thus circumventing the need for parliamentary approval! The one-party Parliament would have approved anyway, and is expected to approve a further 25% increase for all Ministers and Parliamentarians at its next sitting.

As of December each Minister and Minister without portfolio received an increase of \$500 to their Constituency allowance.

Added to that, each Minister and Minister without portfolio received as of December a housing allowance of \$900 per month! The increase for Constituency and Housing allow-

ance amounts to \$1400 for each Minister monthly.

Several of the Ministers live in Government owned houses, or have given such government owned houses to their paramours and friends. On top of this, they will get a housing allowance for occupying a government house, while renting their many private and public mansions!

The new housing and constituency allowances have not been publicly justified and the Bird government has been known to imperiously dismiss all claims on it to account to the public for its public acts and decisions.

This massive \$1400 Cabinet raid on the public purse, which is some 40% of their salary, awarded BY CABINET TO CABINET at a time of financial crisis would indicate a callous disregard of public opinion, and total disregard for public services (water, road, electricity, education, school buildings etc.) which have all fallen to an alarming state of public disservice.

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## ANTIGUA AND BARBUDA

### U.S. ACCUSED OF PITTING AREA STATES AGAINST EACH OTHER

St Johns OUTLET in English 31 Jan 86 p 7

[Text]

On January 19 the Right wing parties in the Region concluded its inaugural meeting of the so-called Caribbean Democratic Union (CDU).

The meeting and union was sponsored and presided over by the United States and in particular the ruling U.S. Republican party.

Chairman of the Republican Party of the U.S. Frank J. Fahrenkopf told the inaugural meeting of Caribbean Rightists "We will support the efforts of the CDU to develop common strategies of political development and common positions on the issues which the region must face in the years ahead." Emphasising his point Fahrenkopf told the assembled Caribbean rightists "We will remain a steadfast partner to those who seek our help".

The formation of this so-called Caribbean Democratic Union under the guidance and tutelage of the US Republican Party, formalises and institutionalises U.S. direct interference in the internal affairs of the Region. The U.S. will gain leverage over these Rightist parties, and will provide direct funds for these parties in election campaigns. It is against the law in the United States for U.S.

parties to accept money from external sources, and the party must declare its sources of funding.

Already there have been reports of seven (7) Caricom leaders having met in a secret meeting in Mustique one of the Grenadines off St Vincent to rationalise a position accepting Desmond Hoyte's electoral farce in Guyana. To their great embarrassment these CARICOM leaders were heard in live broadcasts condemning the Guyana elections, and after the Mustique U.S. State Department sponsored meeting, the same leaders were heard accepting as fair the very same elections which they condemned before as grossly unfair. The about-face is said to have been inspired (or is it conspired?) by the U.S. State Department. Guyana's President Hoyte was at the Mustique meeting chaired by St Vincent's James Mitchell. President Hoyte, who before Burnham's death was Prime Minister was tipped for the post of Prime Minister by the State Department even before PM Ptolemy Reid resigned.

The exclusion of Trinidad & Tobago from the "secret" Mustique meeting has stung Trinidad to the quick, and it is seen as another nail in CARICOM's coffin. Since the Grenada invasion the

U.S. has been building a cordon sanitaire around some Caribbean Governments, and dividing CARICOM Governments against each other.

The Rightist U.S. Republican party take-over and organisation of Caribbean Rightist parties is a huge step to make East-West rivalry a permanent feature of the domestic and internal politics of the region. While the socialist oriented parties have resisted any external arrangement with extra-regional powers the intervention of the U.S. Republican as principal prop and guide, might necessitate a counter response as the U.S. well knows.

Antigua attended the preliminary CDU meeting and the recent opposition NDP was selected by the U.S. as one of the democratic forces in the region. The U.S. has arrogated itself the right to determine which parties in the region are "democratic" and which are not. Naturally the ruling ALP is one of the leading "democratic" forces, and the U.S. is now selecting a democratic opposition force. Naturally ACLM is not involved in this U.S. interference in the internal political affairs of Antigua and Barbuda.

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## ANTIGUA AND BARBUDA

### BANK REPORT REVIEWS ECONOMIC GROWTH FOR 1985

St Johns NATION'S VOICE in English 24 Jan 86 p 1

[Text]

A Regional institution in its annual report states that Antigua and Barbuda's Current Account Deficit should have been substantially reduced by the end of last year.

The deficit, which stood at 16.7 million dollars in 1984, was anticipated to drop to 8.8 million due to the upturn in certain sectors of the economy.

In reviewing economic trends in 1985, the St. Kitts-based Eastern Caribbean Central Bank projected a 20 per cent increase in recurrent revenue to 129.4 million dollars. This has been advanced as the prime reason for the deficit reduction.

Agriculture, which had drastically declined in 1984 owing to the prolonged drought which was experienced, was the most improved sector as fruits and vegetables produced by small farmers in-

creased tremendously in 1985. Cotton, too, was substantially increased as the poundage, rose from 13,000 pounds to 100,000 pound. Other areas of improved performance were the export area and spending by the tourist. Manufacturing, even though a lingering trade statement exists among Caricom states, also witnessed a slight improvement.

A most important factor is that the foreign assets of the local commercial banking systems recorded an almost 100 percent increase as these assets rose from 13.5 million dollars to 25.5 million dollars. These economic indicators speak well of the growth of our economy as we seek our foothold in the world.

The Eastern Caribbean Central Bank is not alone in its high praise for Antigua and Barbuda and its economy for the commonwealth fact book

of 1985 placed this country at the very top of the list of O.E.C.S. countries in both Gross National Product (GNP) and per capita income. Antigua and Barbuda, inspite of all the rhetoric continues to register substantial progress,

A two and a half (2½) percent levy is to be imposed on all goods imported into the island.

The special levy is intended to raise money to pay for the new desalting and electricity plant which is presently being erected at Crabbs Peninsula, and will be effective until the end of 1988.

Meanwhile, Finance Minister, Honourable John St. Luce stated that the Central Marketing Corporation and the Port Authority will be the main government statutory bodies subjective to the levy.

[An earlier report in NATION'S VOICE on 17 January 1986, page 7, noted: "The ECCB report further added that much of the improved revenue performance is expected to be derived from indirect tax which in 1984 accounted for 59 percent of its total revenue. The yield from these taxes is projected to increase by 27 percent to 81 million dollars and that share of total revenue to 63 percent.

["The Eastern Caribbean Central Bank ECCB further stated that the major positive developments in the local economy in 1985 involved improved output in agriculture, a minor growth in exports and a 20 percent increase in tourist spending."]

ANTIGUA AND BARBUDA

BRIEFS

EEC AID--St Johns, Feb 11--Antigua and Barbuda is receiving 10 million dollars (one EC dollar, 37 U.S. cents) in aid from the European Community under the Lome III convention, it was announced here today. Some 6.3 million dollars will go towards grants managed by the European Commission, 2.5 million dollars in special loans and 1.2 million in the form of risk capital from the European Investment Bank (EIB). The announcement was contained in a communique issued here at the end of a visit from a delegation from the European Commission. It said the delegation, which is on a four-nation Caribbean tour, conducted a broad exchange of views on the development priorities and objectives of the St Johns administration with the view to ensuring that optimal use is made of funds and instruments provided under the convention. The communique said the improvement of economic infrastructure including roads, was viewed as a priority area. [Text] [Bridgetown CANA in English 2253 GMT 11 Feb 86 FL] /9317

RADIO'S DISAPPEARANCE--It is over two weeks now that A.B.S. Radio has disappeared from the Nation's airwaves, and the public is wondering what is happening! Formerly if the radio was off the air for any time, then the A.B.S. T...V. would tell us what the matter was and approximately how soon we could expect it back in operation. This time, not a word. Now Mr Vere Bird Jr., Minister of Communications, the public is entitled to an explanation, especially as many figured that you were not the right choice for the Communications Ministry because of your involvement with the private communications firms of radio Z.D.K. and television station C.T.V. They claim that it is a conflict of interest, like what your Junior Minister spoke about recently. (A memo was even sent to members of your staff debarring them from making a few extra dollars by supplying news to any other communications station). Now Mr Minister this newspaper thinks that you have been doing quite a good job in spite of your frequent absences from the country, but we must insist that you tell us where has A.B.S. Radio gone to. [Text] [St Johns THE WORKERS VOICE in English 15 Jan 86 p 1] /9317

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ARGENTINA

BA'S NATIONAL RADICALS CALL FOR UNITY

Buenos Aires CLARIN in Spanish 11 Jan 86 p 6

[Text] The Buenos Aires leadership of National Line will call for a reunification of the Balbin faction in the province "without exclusions of any kind." This stand will be taken next Tuesday when the top leaders of the Radical faction led by Cesar Garcia Puente meet at the headquarters of the UCR [Radical Civic Union] provincial committee.

At the meeting they will assess the status of the talks begun with leaders of the other Balbin faction in the province, the MIN [National Intransigency Movement], and at the same time spell out the steps to be taken in this regard.

The meeting will reportedly be attended by delegates from the eight Buenos Aires electoral sections, as well as by national and provincial legislators belonging to National Line. Provincial Committee members Juan Carlos Zambarbieri and Daniel Cereghini and national Congressman Roberto Irigoyen will be there, among others.

Meanwhile, National Line youth leader Gabriel Gerdung indicated that in spite of the snags in the talks to reunify the Balbin faction, "we know that common ground always emerges from dialogue." He came out in favor of an accord "without exclusions" and asserted that "all of us in the Balbin faction must be willing to unite."

National Cause

Roberto Sosa Paiva, the secretary of National Cause, a Radical group in Mendoza with roots in the Balbin faction, stated that "it is regrettable that Senator Fernando De la Rua has said that he is not backing the candidacy of Juan Manuel Casella for governor of Buenos Aires Province."

The leader of the important Mendoza faction added that "the president himself, to whom we largely owe the decisive victory, was the one who launched his candidacy."

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MIN LEADER CHARGES RADICALS WITH CRONYISM

Buenos Aires CLARIN in Spanish 11 Jan 86 p 6

[Text] The mayor of Mar del Plata and MIN [National Intransigency Movement] leader, Angel Roig, has asserted that "there are still no definite Radical candidates in Buenos Aires Province," indicating that if this holds until the internal elections "it would mean that cronyism has invaded our party."

Roig was alluding to the candidacy of Juan Manuel Casella for governor of Buenos Aires, which is taken for granted in UCR [Radical Civic Union] provincial circles because of President Raul Alfonsin's express support for him.

The mayor of Mar del Plata, who is on the Radical Party's National Committee and one of the main leaders of the Balbin faction founded by Juan Carlos Pugliese, also said that "decision-making in our party is strongly horizontal, and this means respect for the verdict of the members."

He indicated that "in this regard there will hopefully be no changes, regardless of the other changes that have taken place in Radicalism since 1983," when the Renewal and Change Movement made Raul Alfonsin party president.

Roig neither admitted nor ruled out that he might be a candidate for assistant governor of the province as Casella's running mate. "Time will tell where my destiny lies," said the Mar del Plata mayor.

Negotiations

The provisional commission of the National Integration Movement (MIN) in Buenos Aires Province will meet next Wednesday to analyze the troubled situation in the faction now that its founder, Juan Carlos Pugliese, is no longer in charge.

The meeting will be attended by representatives of six electoral sections, while the sections in Greater Buenos Aires (one and three) have not yet named representatives, which has so far blocked an accord in the MIN.

Leaders in the Greater Buenos Aires area, including national Congressmen Hugo Socchi, Jorge Horta and Eduardo Gonzalez, have questioned the negotiations that the provisional commission, chaired by Mayor Mario Espada and Congressman Ricardo Berri, has engaged in with other Balbin factions in the province.

With regard to the situation in the MIN, Mario Espada indicated yesterday that "the priority is to resolve the situation that has arisen in the first and third sections, which must join this provisional commission."

The Pellegrini party mayor went on to say that "Dr Pugliese's leadership was never in question in our faction. However, we must decide whether we want a static movement that merely negotiates or whether we want to build a dynamic movement that can play a leading role in President Alfonsin's political agenda."

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CSO: 3348/389

ALSOGARAY'S OPEN LETTER SEEKS TROCCOLI'S RESIGNATION

Buenos Aires CLARIN in Spanish 11 Jan 86 p 6

[Text] The leader of the Democratic Center Union (UCD), federal Congressman Alvaro Alsogaray, has called for the removal of Interior Minister Antonio Troccoli and other officials, warning that the administration "is dragging us into a grave stagnation and severe disarray, which can only cause great frustration that could jeopardize the democratic system."

In an open letter to President Raul Alfonsin, the legislator and former economy minister referred to the recent dismissal of former intelligence services agent Raul Antonio Guglielminetti and the promotions of army officers Leopoldo Cao and Jorge Granada to immediately higher ranks.

In the three-page letter Alsogaray emphasizes that he is resorting to this medium because "for the time being the possibilities of debating certain critical current issues in the National Congress have been exhausted." He also recalls that "it is well known that we are in serious disagreement with the administration on economic and social policy."

"We believe," he added, "that administration policy in these fields is dragging us into grave stagnation and severe disarray, which can only cause great frustration that could jeopardize the democratic system that we all wish to consolidate."

The UCD leaders starts off his letter to the chief of state by stating that "it is a particularly serious matter that after having promised solemnly and repeatedly that wages would never be the 'adjustment variable' in the inevitable stabilization process that we were facing, you have gone ahead and made wages the key element in such an 'adjustment.'"

Lack of Credibility

"The breaking of this promise has detracted from the administration's credibility and is giving rise to many increasingly serious conflicts; moreover, there seems to be no solution on the horizon to our various problems under current programs."

Such criticism notwithstanding, Alsogaray tells President Alfonsin in his letter that he was motivated to write it because "in other areas of national life as well we are seeing a growing lack of faith in the administration, and this heightens the aforementioned danger for democracy." He then recalls the statements by Minister Troccoli last August about the dismantling of "a subversive rightwing extremist cell."

He also recalls that according to Troccoli's statements, former intelligence agent Guglielminetti was involved in this rightwing extremist cell. He then speaks out against "the superficiality, lack of documentation and contempt for public opinion with which Minister Troccoli has proceeded by making these sensational announcements and then forgetting about them and failing to keep his promise."

In his letter he also calls attention to Troccoli's statements about the arrest of military officers and civilians in connection with the reported plot against democracy, which forced the Executive Branch to declare martial law, and to the recent promotions of Captain Cao and Major Granada to the next highest ranks.

"The interior minister has obviously again acted superficially, without documentation and with glaring contempt for public opinion by formulating these charges," Alsogaray indicates, adding that Congress "has been completely ignored by the Executive Branch in "this case, as well as in many other critical ones, such as the Austral Plan, the foreign debt and the state of internal commotion."

In conclusion, Alsogaray calls on the chief of state to issue "clear definitions and rectifications on this matter, including reparations for the material damages and, above all, the pain and suffering inflicted on citizens such as newsman Horacio Rodriguez, Captain Cao and Major Granada, and to dismiss the ministers and officials who are responsible for these serious mistakes and for the obvious violations of ethics and the rule of law."

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CAPUTO ON FOREIGN POLICY, DEBT MORATORIUM ALTERNATIVE

Buenos Aires MERCADO in Spanish 23 Jan 86 pp I-VII

[Article by Foreign Minister Dante Caputo: "The Course of Foreign Policy"; followed by interview; first paragraph is introduction]

[Text] Foreign Relations Minister Dante Caputo reviews the main features of Argentine foreign policy in 1984 and 1985 and charts the outlook for 1986. The aim will be greater independence on realistic grounds, with an emphasis on Argentina as a nonaligned Western country. Another goal is greater political and economic independence. The minister broaches controversial issues such as relations with Great Britain in connection with the Malvinas and the situation in Central America. Of particular significance is his approach to Latin American integration and policy towards Brazil.

In order to review Argentine foreign policy in 1984 and 1985 and indicate its course in 1986, we must describe the legacy that the constitutional government was bequeathed. The authoritarian period that the country lived through as of 1976 had a series of serious repercussions on Argentine foreign policy.

First, we became isolated, because the Argentine Government at the time perceived the outside world as a sort of threat. Any political move from the outside was dangerous. We clearly recall the campaign to restore Argentina's image overseas, as if its image could be restored without altering the realities, because the realities were the problem. Fundamental human rights were ignored; basic individual freedoms were destroyed; poverty stalked the citizenry, and the country's production machine was falling apart day by day.

For these reasons, the world's judgment, international public perception, the judgment of other countries could be viewed only as a sort of ongoing aggression, simply because the regime could not cope with the standards of civilized coexistence in today's world. Thus, the perception of the world as aggressive and dangerous gradually led to isolation, to a break with the outside world.

In addition, it pursued an unpredictable foreign policy. A government that called itself Western and Christian in 1976 behaved erratically with regard to this definition, to say the very least. It shifted from very clear-cut political alliances with the Western bloc to political alliances with the

socialist bloc. Thus, another constant feature of its years in power was its unpredictability, the way in which it changed political partners.

To summarize, isolation, unpredictability, the view of the outside world as aggressive, and the inability to function on the international scene were instrumental in bringing about what we can clearly call a loss of Argentine sovereignty. We lost sovereignty because a country that cannot cope with the impact that outside changes have on it, a country that cannot cope with the effect of internal aggression within its society, and a country that cannot convey its aspirations and its development to the outside world, and Argentina was such a country, is one that loses sovereignty.

It is against this backdrop that a dependent and weak country has sought to rebuild itself, that is to say, to regain its autonomy and its unfettered decision-making ability in the world. To be unfamiliar with this almost elementary fact is to be naively unaware of the realities facing our country today.

#### Terrorism

In my judgment, it is extremely important to point out that an inappropriate foreign policy could have serious domestic repercussions, because it could strengthen certain antidemocratic sectors within Argentina. I am convinced that what happens inside our country is not just what those inside it want to happen.

The most dramatic developments in Argentina in the 1970's, terrorism and the repression of terrorism, obviously had domestic causes, but their extent and scope cannot be explained solely by domestic factors. Chance is not a good explanation for the expansion of virtually identical models of terrorism in Latin America, nor for the simultaneous appearance of almost identical repressive governments throughout Latin America.

What I mean is that in addition to our domestic problems, the worldwide conflict unfortunately heightens the weaknesses and shortcomings of our political systems. Therefore, given such weaknesses, we must first of all sever the links between the worldwide conflict and our domestic conflict. If Argentine foreign policy has had a priority, it has been precisely to sever these links. And indeed we believe that we have succeeded, so that we can now begin to develop solutions to both problems separately, because when combined we regard them as impossible to manage.

#### Pragmatism and Realism

This, in our judgment, was the basic goal of the transition: to gradually achieve greater autonomy from a starting point of weakness and to sever as quickly as possible the links between the domestic conflict and the conflict between the great powers. For this reason some have described Argentine foreign policy as pragmatic. I want to assert that we are not pursuing a pragmatic foreign policy. At the most, and this would be a major success, we have a realistic policy.

We must be forewarned against false pragmatism, because there is nothing more dangerous than the sort of pragmatism that automatically means abandoning principles and convictions in foreign policy. And I want to emphasize very strongly the importance of principles and ethics in foreign policy.

To a country like Argentina, ethics are not abstract; ethics, morals and principles have practical application.

Our country condemns any violation of human rights, regardless of where it might occur. We do not believe that there are human rights of capitalists or human rights of socialists or human rights of Third World residents. There are just human rights, period. Therefore, in its votes both in Geneva and at the UN General Assembly, Argentina has systematically denounced the countries in which basic human rights have, in our judgment, been violated.

Argentina thus wants to be a country whose stand is consistent with an objective assessment of the facts.

#### A "Nonaligned" Western Country

Having set forth these general principles, we can say that our approach to foreign policy is based on our concept of ourselves. To give a terse definition that nevertheless, I believe, summarizes our feelings, I see Argentina as a nonaligned, developing Western country. These are our three basic features as a nation, and we develop our ties with the world on the basis of them. We are a Western country, which does not mean anything else. We are a country with a Western history, a country whose form of social organization is based on pluralist democracy as it understood in this part of the world, a country that historically and geographically belongs to Western culture.

Acknowledging ourselves as a Western country does not, of course, mean that we should or should not belong to a strategic alliance. The West is much more than one country. The West is a civilization, ultimately a form of organizing society, politics and the economy, and the West does not depend on a strategic alliance. Therefore, Argentina is a Western country that does not belong to any strategic alliance. Quite the opposite. It points out and condemns the extremely grave international price of the confrontation between the major strategic alliances in the world. We are, therefore, a nonaligned country, and we want to remain a country that actively seeks to prevent the major problems of national development from being compounded by problems arising from opposing interests in a worldwide strategic confrontation.

We believe that our task is too serious, too important, that it is an overriding cause in which our countries' independence is largely at stake, for it to be manipulated politically by either of the superpowers in our world. We believe that nonalignment must in this regard recover its initial meaning.

As I said before, our legacy has been one of isolation, unpredictability, a view of the outside world as aggressive, and an overall loss of sovereignty. Our goal is this: to build, from our position of weakness, a strong and

independent country. Our country's foreign policy rests on our definition as a nonaligned, developing Western nation.

#### Political Independence

The first goal of our foreign policy is to heighten the country's political and economic independence. The second goal: an ongoing search for regional and world peace. Not just because peace is a highly desirable state for mankind, but also because countries like ours must concentrate their resources on development and thus need peace in order to grow. The third major goal of our foreign policy is respect for fundamental human rights, constant vigilance in protecting these rights and denunciations of human rights violations wherever they may occur.

Three major objectives: enhancing national independence, the search for peace, and the strengthening of human rights. There is a fourth instrumental objective that I want to discuss briefly: the strengthening of the institution that is in charge of foreign policy, that is to say, the Foreign Relations Ministry.

There can be no continuity in foreign policy unless there is an institutional effort to consolidate the instrument in charge of pursuing it. A foreign policy cannot depend on transient groups passing through the ministry. Unfortunately, our ministry suffered from a serious problem: imagination and, even more so, boldness in foreign policy were condemned. And in foreign policy, which is almost pure politics, there can be no progress without imagination, without boldness, without creativity. Therefore, it is indispensable for us to free the creative forces of this institution, which probably has the finest administrative personnel in the country.

#### The Beagle

Independence, peace, human rights and, at the same time, an effort to strengthen our institution. We have taken up the basic tasks with our ideas, objectives, legacy and principles. We have, fortunately, made progress in some areas, less in others. If there is one thing that we are very proud of in the ministry, it is what we achieved in 1984 after almost 100 years of conflict: a peaceful settlement of the dispute in the south with the Republic of Chile. I am not going to review the history of the Beagle dispute, but I would like to make some comments on it.

What took place in Argentina to settle the controversy? Who would have thought in 1982 or early 1983 that in November 1984 70 percent of the Argentine people were going to voluntarily vote in an unprecedented referendum and that 80 percent of them were going to say yes to giving Chile sovereignty over the three disputed islands? We have to examine Argentine history to realize what a marvelous thing happened with the Argentine people. Not with their government, but with society, with the Argentine people, who voted of their own volition and said yes, we want peace; yes, give them sovereignty over the three islands; yes to a rational solution; yes to the only possibility of avoiding a conflict. This is much more important than the diplomatic achievement in itself.

We are all proud of the achievement, of course. We do, of course, feel that peace is nearer at hand because of it. But how important it was to see that Argentine society was and remains fundamentally sound, that it preferred peace to ownership of the three islands and, moreover, that it said so of its own free will.

In any event, I call the strengthening of peace with the Republic of Chile a major foreign policy success.

#### The Cartagena Consensus

Another development that we regard as fundamental resulted from my initial talks with my Brazilian colleague Saraiva Guerrero, as we began to realize the seriousness of the region's foreign debt problem. From that 2-man talk came an initial declaration of 4, which then became a declaration of 7 and wound up as a meeting among 11, more precisely, what was known later as the Cartagena Consensus.

The Cartagena Consensus spoke out clearly about the essentially political and social problems that our countries' foreign debts entail. Almost 2 years after the first meeting in Colombia, although we should be critical of the consensus for what it has failed to achieve, we should also note that in light of recent events, the declaration of the 11 Latin American countries on the foreign debt issue is beginning to bear fruit.

In 1984, the industrialized countries and the United States in particular argued as follows: A prior stabilization and adjustment program is necessary for subsequent growth. There can be no talk of growth unless a stabilization and adjustment program is in place beforehand. These same countries, the United States in particular, said in 1985 that adjustment and stabilization programs could not be continued unless the region began to grow at the same time.

There has at least been a change of position, and their stand is much closer now to the arguments that the Cartagena Group has been advancing than to the intransigent views that we heard in 1984 and even last year. This shift is, of course, important, and we view the recent progress in Seoul as positive. But Seoul does not mark the end of the foreign debt problem; we must go further. In mentioning Seoul, I am thinking specifically about Secretary Baker's proposals, which are very useful and generate new funds for development but do not resolve the underlying and mounting problem of foreign indebtedness in our societies.

I think that after a year and a half of discussions on the issue, at least the major ideas, the major plans have begun to settle out. I have the impression that we have three alternatives, and we are working on one of them. One alternative that seems to be fading fast is to maintain the status quo, in other words, make no changes in dealing with the foreign debt, continue to apply traditional prescriptions to a problem that has ceased to be traditional.

In our judgment, trying to maintain the status quo will have exactly the opposite effect; in other words, everything could change if nothing is meant to change. Our societies, and Argentine society in particular, cannot pursue successful stabilization programs, which entail a major battle against inflation (a huge nationwide effort), unless we can create expectations of growth and, therefore, better times for our citizens.

No adjustment program, no stabilization program is designed solely to pay off foreign creditors. Such programs are self-defeating unless they are designed in one way or another to generate growth and, therefore, improve the lot of hardworking citizens. This seems elementary.

#### The Moratorium

The basic problem, however, is that if one day the nation's impoverished citizens realize that their efforts to improve the country are not raising their living standards because the foreign debt is sucking up all their efforts like a huge vacuum cleaner, then the foreign debt problem will become our most serious individual problem. At that point we will move from a situation in which obligations can still be met to the second alternative: not to pay back the debt, the option of a generalized moratorium.

But it would be a generalized moratorium combined with a huge political mobilization, because the debt would be public enemy number one of each Latin American citizen. This is why I said that the status quo is the opposite of the status quo; in other words, everything may change if nothing is meant to change.

Our country is trying to strengthen its democracy, to overcome the weaknesses caused by 50 years of political instability and to regain its sovereign role in the world. We could not, in addition, cope with the tremendous internal and external conflicts that failure to pay our debt would cause. This is not a philosophical, abstract matter; it is a realistic assessment. Argentina, which has so much to do, cannot trigger an internal upheaval by trying to avoid paying its debt. Furthermore, of course, there is the argument that Argentina must meet its international obligations. The essential dilemma, however, is how to prevent repayment from hindering the indispensable growth of our economies without the simultaneous need for a generalized moratorium for Latin American debtor nations.

We believe that during its next stage the Cartagena Consensus should focus on resolving this dilemma of either repaying the debt on traditional terms or a generalized moratorium. Neither option is good, I feel. To us the basic problem is how can we turn the debt issue into a new issue: securing funds for growth.

This is the third option. So far we have called for a very general political dialogue and have gotten nowhere. It seems to us that the time has come to tell the countries of the North, above and beyond Seoul, what technical alternatives that we regard as appropriate should be brought up at the bargaining table for their political consideration.

I say political because as President Sarney quite rightly said at the United Nations, it will not be market forces that resolve the debt problem. It will be the resolve of governments that develops potential solutions. I think that we ought to determine what specific technical alternatives we should work on together to come up with a negotiated solution to the debt problem and prevent a breakdown of the system, while at the same time freeing up the funds that are indispensable for the growth of our economies.

This, then, is our great challenge. I think that it is a challenge in which the political stability of our region is at stake (and I am aware of what I am saying). If we prevent a society from realizing its dreams, in other words, if we do not provide it with the funds for its growth, all of the austerity, adjustment and economic reorganization efforts in which we are engaged will go for naught.

#### Nicaragua and Contadora

Central America is the other issue that unquestionably touches us all. Our country, Peru, Brazil and Uruguay have taken a very active stand on this issue by setting up the so-called Support Group. This group's fundamental mission is not so much to become directly involved in the negotiations (in which the Contadora Group is the leading expert) as to build a broader base or consensus for the Contadora Group's proposals so that they are more likely to be successful.

When our Support Group and the Contadora Group met for the first time, one of the foreign ministers asked after lengthy discussions: "Well, and how are things different now?" Someone remarked: "There used to be four of us and now there are eight." In other words, we have a much broader political base; we can make headway with our proposals because a very large part of the Americas is represented.

We have become involved in the Central American problem for two reasons. One is our solidarity, which is important of course, with our sister nations in Central America. We are trying to prevent the armed conflict from spreading and generalized warfare from breaking out in the region. Therefore, with peace as our common cause, we are interested in the ultimate outcome of the situation.

But solidarity is not the sole reason. National interest also prompts us to play an active role in settling problems in Central America, inasmuch as if a war were to break out in the region, its repercussions would, we have no doubt, spread throughout Latin America. From Mexico to Tierra del Fuego, our societies would be jolted, polarized and radicalized. And polarized, radicalized societies are invitations to superpower conflict and harassment.

In this regard, we believe that countries like ours, which are trying to resolve so many of their own problems, cannot afford to confront a problem that is definitely alien to them. I am talking about the superpower conflict, the strategic conflict, not the Central American problem. As the president also says, we would once again be enmeshed in a outside confrontation, raising banners that are not ours and tearing ourselves to pieces over rallying cries

that have nothing to do with national or regional interests. So then, national interest, not just solidarity for peace, is involved. We should harbor no doubts in this regard. Latin America has torn itself apart for much less. And Latin American societies would once again be torn apart. War must be avoided in Central America.

I think that the proposals that Argentina and other countries have made are designed to preserve the fundamental interests of all the parties that are directly or indirectly involved in the conflict. We feel, and we have so said, that a negotiated settlement in Central America must be based on the following points:

--First, the principle of nonintervention

--Second, the principle of self-determination, understood to mean the unfettered expression of the will of the majority

--Third, the principle of territorial integrity

--Fourth, a specific principle of nonintervention in reference to relations between the five Central American nations

--Fifth, no military forces or advisers from outside the region in the countries of the area.

--Sixth, fully functioning pluralist democracies in the region

#### The Malvinas

I would like to comment on the Malvinas. We have not backed down for a single second from our claim to sovereignty over the islands and, at the same time, we have voiced our deep-seated conviction that the claim must be pressed solely through peaceful means and diplomatic channels. We are in a catch-22, to put it tersely. The British say that they are not going to sit down and negotiate if the issue of sovereignty is on the agenda. And we Argentines say that we are obviously not going to sit down to negotiate unless it is.

In the face of this catch-22 and in light of Argentina's just claim to the islands, we believe that our best strategy, perhaps a long-range strategy, is to keep the issue alive internationally and to explain both to the British public and the world community why Argentina is in the right and why the British are being intransigent.

It was not 30 or 40 days before the international community and the British public heard Mrs Thatcher's government refuse to accept the principle that is the very essence of the UN Charter: the peaceful settlement of disputes. This is the very essence of civilized coexistence among nations. Argentina has asked for negotiations, for dialogue without the exclusion of any issue, without the exclusion of the issue that bears on the political future of the islands.

We are going to repeat it until we are blue in the face, until we achieve our goal. I think that we have made headway. I think that with the rebuilding of the country's prestige overseas and with the reasonableness of our stand, we are gradually going to wear down the intransigence of the British Government.

### Latin American Integration

A final comment on the hopes for, not the successes of Latin American integration. I am absolutely convinced that we must find a new sphere for our national political autonomy, because national economic development is depending less and less on countries and more and more on the region. To put it differently, the new sphere for development and autonomy is, I think, Latin America.

We have too many institutions and too little integration, however. There is institution inflation and Latin American integration deflation. I do not think that this important a goal can be achieved from the top down. We have to achieve it through specific tasks, and in this regard we are proposing two principles to overcome this inertia of rhetoric about integration. The first principle: undertake specific tasks and bring about integration around those specific tasks. Second, integration should not have a national cost, because in the cost-benefit analyses that countries conduct regarding integration (and since we do not have a history of integration, as the EEC does), they always tend to judge the costs to be greater than the benefits.

Each task of integration must be specific, must bring benefits to the national community, and must be in keeping with the national interest. After a long history of institutions that talked about Latin American integration, unique associations that we could call integration "clubs" have appeared in recent years.

We already have two. The first has to do with the foreign debt. As Simone de Beauvoir said, "we do things without knowing them." We are carrying out integration without knowing it. The Cartagena Council is a development in Latin American integration that no one is calling integration, but it comprises 11 countries that are worried about the issue of foreign indebtedness in our region. We work out joint stands, we offer joint proposals, 22 ministers gather together, talk and work. This is integration. The second major issue is Central America. Eight Latin American countries are now getting together to discuss a key problem. There have been initial successes, at least in terms of recognizing the overriding considerations.

We have to move forward in the creation of a technological club, just as we have moved forward in establishing the political club on Central America and the political club on the foreign debt. Because if we do not move forward in setting up a technological club, we are going to miss the chance for autonomy in the 21st century, which is only 15 years away. The technological colonialism that is invading us through the major technological projects and initiatives of the highly developed countries demands a rational response from Latin America.

Such a response must be more ambitious than proud. The point is not to say: "Well, if the United States has its strategic defense initiative and if Europe has its Eureka, then let's build a Latin American Eureka." I think that it would be hard to build a Latin American Eureka, and I do not know what sort of strategic defense initiative we could launch. The world's major technological undertakings will broaden the technological gap between our countries and the developed countries.

I would like to cite a single example in this regard. As part of the Eureka plan, the "Eurovive" technology project calls for the creation of manmade seeds. In other words, we are going to lose not just the race in robotics, computers and communications; there is going to be a huge technological gap in those fields in which our country or our region has comparative advantages. Unless there is a Latin American response to the technological challenges presented by the major developed countries, our countries are going to gradually lose their capacity for development.

I think that we still have time to set up associations among our countries that will enable us to incorporate important technological developments.

The other major club that I think we have to create, shattering prejudices, is the Latin American trade club. We have created so many obstacles for ourselves, we have so often engaged in commercial guerrilla warfare against each other that we have systematically prevented trade from flourishing among countries that complement each other almost ideally.

I do not wish to name names, but I am thinking about certain institutions that really seem to be engaged in guerrilla warfare and whose objective seems to be commercial harassment. I do not think that we have a right to do this. We do not have a right to rob our nations of all these opportunities, as we can see we are doing every day. And as for current trade, which is linked to our economic development, to our capacity for independence and to our capacity for overall growth, I think that it is being dampened simply because we have donned a bureaucratic straitjacket that is stifling us, that is causing us to see the minor problems but that is preventing us from seeing major commercial undertakings.

In this regard, I would like to point proudly to the trade agreements with Uruguay and Brazil. In contrast to the harassment that had characterized trade between the two countries, the two governments decided to take a political leap and aim for a completely different sort of trade program. We have been successful thanks to the political resolve of Presidents Sarney and Alfonsin, and this is a positive development. [end of article]

#### Questions and Answers

To delve deeper into some of the issues that Minister Caputo discussed, the magazine MERCADO interviewed him on three specific ones: Argentina's possible abandonment of "nonalignment" in favor of a policy of alignment with the United States; the inappropriateness of portraying the foreign debt as a "political" problem; and the reasons why the Argentine Foreign Ministry is

involved in a distant conflict that is of no interest to Argentines, in other words, the confrontation between Nicaragua and the United States.

The interview is transcribed below.

MERCADO: Argentina has a meager share of world exports and a small and very vulnerable domestic economy. In light of this, shouldn't it abandon the idea of "nonalignment" and instead "align itself" with the United States, which is one of the world's superpowers and which exerts a dominant influence in Latin America?

Caputo: You are making two assertions in that question. One is correct: Argentina's meager share in the world market. Then you suggest that Argentina would benefit more from a policy of alignment. On this point I must say that I believe in associations, but in associations of symmetrical or reasonably similar countries. I do not believe in associations of asymmetrical countries or countries with major differences in their economic and financial capabilities. The United States and the European Economic Community are associations of like States, which enables them to act politically and economically with comparable forces. This is not the case with Latin American countries in a hypothetical alignment with the major blocs in the world today. If we were to align ourselves today with the United States, such an alignment would not resolve the overriding problems (and this is not the fault of the United States) because of the major distortions at present in the world economic structure, nor would it resolve the major problems of Latin America's distorted internal economic structure. To put it differently, an alliance with the United States would not solve the problem of an inefficient public sector. Allying ourselves with the United States would not solve the problem of Argentina's inefficient industry, which is what is preventing us from competing on world export markets. An alliance such as the one you suggest is not going to open up the markets that have been closed by protectionist policies, nor will it make the subsidies for the farm exports of the industrialized countries disappear. So then, if we make a list of the reasons why Argentina has a meager share of the world market, we will see that alignment does nothing about any of them. An alliance such as the one you suggest would not enable us, like magic, to overcome the inefficiency and lack of development in the Argentine economy over the past 50 years. Furthermore, there are some very profound political considerations that must be borne in mind. I believe that the words independence and sovereignty are not just rhetoric or meaningless feelings. Nor are they just emotion-laden words. They are very rational sentiments, inasmuch as to the extent that a country protects its areas of sovereignty and can decide things on its own, it can generate better conditions for its development. History shows us that when nations become satellites of others, they lose their ability not only to decide their own destiny through the political resolution of internal and external matters, but also to develop optimal economic and financial conditions. Sovereignty is a practical, not just an emotional issue; independence is necessary for a country to reach its peak by making use of its own human, cultural, political, economic and financial resources. To align with another country is to lose a great deal of sovereignty, independence, decision-making ability and autonomy. We draw a clear-cut distinction between Argentina's nonalignment (which is part of our strategy, because we do not

belong to either of the two major military alliances in the world today) and not having a foreign policy in keeping with our place in the world. We regard Argentina as a Western country. This means that it organizes its politics, culture and economy on a democratic foundation, in the Western sense of democracy. In my judgment, Argentina should organize itself economically as a capitalist country, and on this point I do not think that we should fool around with definitions. This does not mean, however, that the organization of our society and economy ought to be tied to an extracontinental alliance. Argentina's Western character and an alliance with a superpower are two different things.

MERCADO: The foreign debt problem is traumatic for us, but not for the creditors in the industrialized countries, which are in good economic shape now. Of the 147 countries that belong to the International Monetary Fund, only 32 are receiving financial aid of the "standby" or "expanded facilities" variety. And only three names on this list of debtors are significant: Brazil Mexico and Argentina. In light of this situation, isn't it dangerous to say that the issue is "political," inasmuch as that sounds as if you are seeking a confrontation with our creditors?

Caputo: What is dangerous is to not realize that the issue has political implications and consequences. I think that the issue is political in two ways. First, because of the way in which it can be settled. The unfettered action of world market forces cannot resolve the problem because the debtor countries cannot make the payments that the creditors are demanding. Therefore, these countries must show the political will to come up with a solution. The second point is that the debt in the 1960's and 1970's had an impact on our economies, but it was bearable and there was a traditional solution available. In those instances the problem had an answer, and there was no need for political intervention. But the huge debt of the 1980's, which was incurred irresponsibly but also offered irresponsibly, has created a new situation that cannot be resolved by the traditional methods, and thus governments have to step in. This is why we say that it is a political problem. At the most recent meeting of the IMF in Seoul, U.S. Secretary Baker put forth a proposal that is essentially political and that entails U.S. Government involvement in the problem. This represented an acceptance of the Cartagena argument. Baker's proposal was an acknowledgement that world market forces cannot resolve the problem and that the political involvement of governments is necessary. The debt is also political because of its consequences, inasmuch as raising huge amounts of funds to pay back the loans would mean not only no growth but also further economic shrinkage for the debtor nations. Argentina and other nations in Latin America have made great efforts and sacrifices to meet their commitments, but the outlook that a traditional solution offers is major social disaster and the instability of democratic governments throughout the region. We have to be frank and admit that no one will exert himself so that things will only get worse, not just stay bad. If all domestically generated funds were earmarked for debt payments, there would be no possibility of growth, and this would cause terrible frustrations, with very serious internal and external political consequences. For all these reasons we believe that there has to be a political solution, but through dialogue, not a confrontation with the

creditors. One of the constants of Cartagena is precisely a strong desire for dialogue, which we want to be practical.

MERCADO: Why is the Argentine Foreign Ministry so interested in belonging to the Contadora support group, when the conflict between Nicaragua and the United States is, to put it bluntly, a far-off problem that is of no interest to most Argentines?

Caputo: This is a very useful question, because it will help to clarify why this issue is of interest to the Argentine Foreign Ministry and the Argentine people. Above all, I must clarify that the Argentine Government is interested in a peaceful solution to the problem. Nothing could be more mistaken than to believe that this is a distant problem that has nothing to do with Argentina. On the contrary, it is a problem that is near at hand and of great interest to us. In the search for peace in Latin America we must show solidarity, because we Argentines also seek solidarity when we are faced with similar problems. We must not be indifferent to the possibility of a war in the region. It would be a huge mistake to approach the issue as solely one of solidarity, because the fact is that the security of the continent and Argentina's internal security are at stake right now in Central America. I would like to discuss the worst case scenario, which we hope does not come about but which we have to anticipate. I am talking about the hypothesis of a generalized war, an open conflict in Central America that would not only encompass the countries in the region but also prompt the direct and indirect involvement of other nations. All Latin American countries would be shaken by such a development, inasmuch as the Left would mobilize on one side and the Right on the other. The major powers that have friends on one or the other side would take advantage of their friendships to harass each other, because the upheaval would cause great confusion and the major nations would not remain neutral. We Argentines would be divided by an issue with roots outside our country that the major powers would take advantage of to gain relative ground. And when the great powers came to terms, it would be to safeguard their interests. From that point on, things would not be better for Latin Americans or for Argentines. This is the lesson of ancient and modern history. We Argentines would be divided again; there could be another internal upheaval, and the government would have to make some very difficult choices. We would have a lot to lose and nothing to gain if there were war in Central America. Our domestic peace would be disturbed by such a war. Therefore, it is not a far-off, unimportant problem for Argentines; it is a real problem that is close at hand. For all these reasons the Argentine Foreign Ministry is supporting the Contadora Group to achieve peace.

8743

CSO: 3348/414

ARGENTINA

WHEAT EXPORT DEFICIT ESTIMATED AT 2 MILLION TONS

Buenos Aires SOMOS in Spanish 15 Jan 86 pp 40-41

[Passages enclosed in slantlines printed in boldface]

[Text] In October, before the torrential rains inundated part of the country's best farmlands in Buenos Aires, the government's most optimistic figures called for a /bumper harvest/ in wheat: 12.3 million tons, according to the Undersecretariat of Agriculture, and 13 million tons according to the most enthusiastic officials. The floods dashed these hopes; the waters covered nearly 6.5 million hectares, and destroyed a third of farmers' handiwork. /Nearly 4 million tons of wheat was destroyed./

The repeated battering forced the Ministry of Finance to redo all its calculations of foreign exchange earnings, because the 6.3 million tons to which the country had committed itself can no longer be exported. If we add in domestic consumption, which--including seeds for the next planting--totals almost 4.5 million tons, then 10.8 million tons of wheat is needed. Authorities estimate that the harvest will end up totaling 8.8 million tons: /The shortfall amounts to about 2 million tons./

The first alarm was sounded on 22 November, when the Federation of the Milling Industry warned even President Raul Alfonsin that a period of /raw materials shortage/ was approaching. The president of the federation, Marcos Lagomarsino, told SOMOS recently that this signal prompted the National Grain Board to renegotiate export contracts so that domestic consumption could be met. According to Undersecretary of Agriculture Norberto Passini, these renegotiations mean that external wheat sales will be limited to about 4.8 million tons this year. The Grain Board cancelled a major portion of the contract for 1.3 million tons that was signed with Brazil in 1985 as part of a bilateral political agreement aimed at reducing Argentina's trade deficit.

These hasty measures, which were also extended to other purchasers, will allow Argentina to postpone some grain deliveries, for a total of 1.7 to 1.9 million tons. But even by sacrificing exports, the problem is still not resolved. Lagomarsino reported that there will be a raw materials shortfall of 300,000 to 400,000 tons that will have an impact on domestic consumption. The calculations of the industry and the government are far apart. The Milling Federation estimates that even if shipments of 1.9 million tons were

postponed, 4.4 million tons would still be committed; that figure, added to the 4.5 million tons for domestic consumption, would mean that 8.9 million tons is needed. Since the federation calculates the harvest at only 8.5 million tons, less than the 8.8 million tons predicted by the Undersecretariat of Agriculture, Lagomarsino believes the total will fall about 400,000 tons short of the mark. In the language of industrialists, this means that the plants /"may end up suspending activity for a month and a half to two months if the government does not take quick action."/ This situation translates into another warning by businessmen: /There may be a shortage of wheat flour on the market by November of this year, and Argentines will be compelled once again to resort to eating the humble and meager "black bread" made of millet or rye, as they did in 1952./

Undersecretary Passini is not daunted by that prospect, however, because it is not contemplated in the official forecast. /"A lot of fuss is being made over this when we have 9 or 10 months yet to find solutions,"/ he told SOMOS. Passini left no room for doubt: /"The president has already asserted that domestic consumption is assured, and it will be resolved in one way or another. We may reduce exports, or we may simultaneously export and import what we need. The reduction of exports is not a good idea, because it means cancelling contracts, and Argentina has often been accused of not being a reliable exporter. The second alternative is complicated by the fact that our ports are not equipped to unload grains, only to load them. Perhaps the solution will be to import flour."/ The current situation cannot, according to Passini, be compared to the /days of black bread/ during Peron's second government; the 1951-52 harvest fell more than 60 percent below that of the previous season, and then millet bread was eaten. The Radical government prefers to keep that bad memory behind us.

The millers are the ones who are urging solutions: /"The government," stated Lagomarsino, "should explain where the 400,000 tons will come from to meet domestic needs. Is it going to import the remainder, or cut exports further?"/ The millers do not hesitate to call for the reduction of exports, the announcement that the remaining 400,000 tons will be imported, the deregulation of domestic flour prices to compete with the prices paid by exporters, and, in view of this /emergency/, the designation of the Grain Board as /"the only buyer of wheat to prevent competition among millers or with exporters."/ This competition is no doubt the key to the controversy: /"Prefinancing," said Lagomarsino, "will enable exporters to pay amounts that the millers are prevented from paying because the price of their products is frozen."/ Passini has another approach: /"It is all a problem of geographic redistribution. The millers in the north were left without wheat because it was exported or processed, and now the wheat must be brought to them from the south."/ Another detail: To regulate prices and competition, the Grain Board would need a /cushion/ of 1 million tons. /"We must find a way," said Passini, "to obtain \$90 million to appease the millers and the flour dealers."/

Some Argentines are spending the summer worrying about whether they will eat /black bread or white bread./ The government also focused its attention on the problem, and the secretary of agriculture and livestock, Lucio Reca, contended that /"the only people who will eat black bread are those who must

do so for health reasons,"/ minimizing millers' concern. Meanwhile, there are additional problems. According to Passini, some 300,000 tons of wheat is of poor quality for bread because it is too moist, encouraging the presence of bacteria. /Some bakers are already hoarding flour in anticipation of an announced shortage. "That is all due to hysteria," commented Passini. The most serious problem is that now we cannot meet our commitment to Brazil, after all that effort to agree on 1.3 million tons, and after a long history of default. Repeating these failures will allow people to speak very ill of our society in general."/ Leaving aside the bad memories, is it better for Argentines to eat /black bread or white bread?/

8926

CSO: 3348/390

CSN PROPOSES USE OF MILITARY COLONIES IN AMAZON BORDER AREAS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jan 86 p 4

[Text] Belem, State Agency--The government might resume the process of occupying the Amazon borders, to indicate Brazil's presence over a lengthy arc extending from east to west, and creating a dividing line with seven of the continent's countries. The recurrence of some problems in Suriname, Guyana (formerly British) and Colombia has reactivated geopolitical complications, and should prompt the government to resume the Northern Perimetrical project, a road 3,700 kilometers long, which it started building 10 years ago, and gave up for lack of economic motivation.

A large portion of the road was invaded by the jungle, but since that time the situation has undergone deepseated changes, which are being analyzed by various government agencies, especially the National Security Council [CSN]. The activity of the M-19 guerrilla group on Colombia's border with Brazil, the uncertainties of the political process in Guyana and Suriname, the border issues between Venezuela and Guyana, the French space program in the colony of Guiana, the drug traffic and arms smuggling, the discovery of new natural resources, particularly minerals, the definition of ethnic groups, the demarcation of reserves, and the possible expansion of Sendero Luminoso in Peru are situations that have prompted the Security Council to consider colonizing the Amazon region's borders.

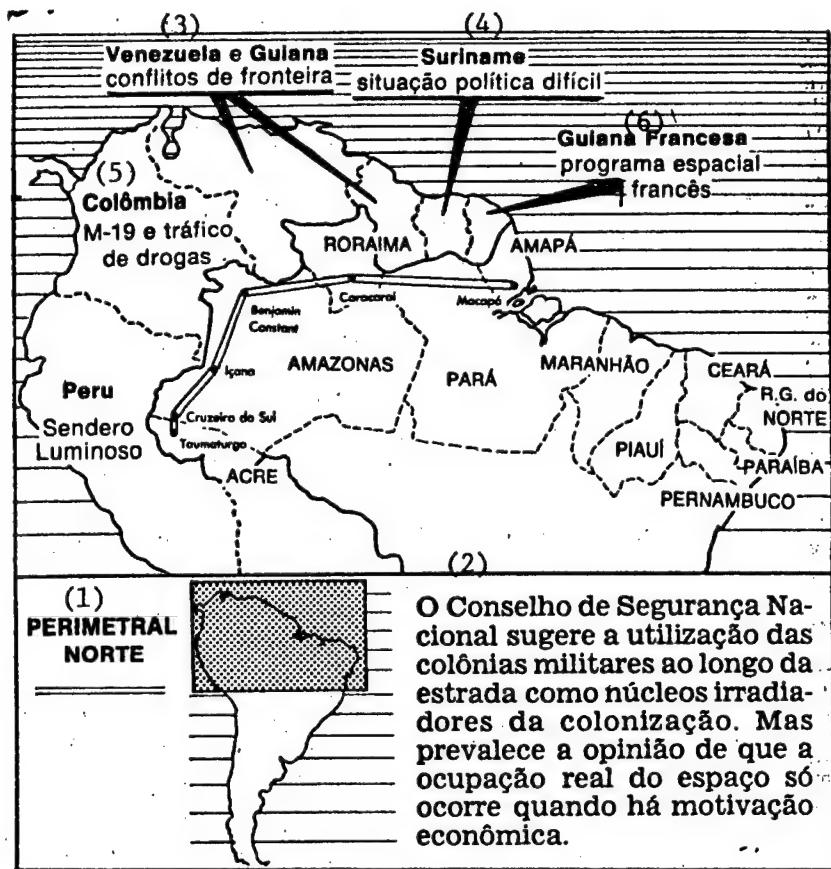
One of the CSN's basic ideas is to use the military colonies, such as Clevelândia in Amapa, Marco BV-8 in Roraima, and Tabatinga in Amazonas, as radiating centers for colonization. Moreover, the philosophy underlying that policy sent troops to the Colombian border precisely to establish a presence, with the direct, specific goal of combating the M-19 guerrillas, "but discouraging in advance any attempt at an invasion." The military authorities do not think that either M-19 or Sendero Luminoso has established itself on the Brazilian side, or has even considered the possibility: "In an extremely unfavorable situation, they would attract two forces against them. That would be stupid," commented a graduate Army officer with a command in the region. But the security agencies would like to give a sign of warning in the region, "contrasting a Brazilian presence with possible invasions."

The military colonies project is regarded by the CSN as the best alternative for occupying the region, but other ministries, particularly that of interior, think that experience has proven the contrary: It is only when there is real economic motivation that the occupation becomes consolidated. This may have been the main reason for the failure of the Northern Petrimetrical: The government acted in advance, also for geopolitical reasons, but the investors did not follow suit. They had no reasons for believing that it was worthwhile establishing themselves in far-off, deserted areas.

Today, the situation may have changed, with 10 years of new information accumulated on the left bank of the Amazon River. Project Radam, in a joint effort with Gedebam, proved the mineral potential of that northern section, isolated from large investments. The project to explore for bauxite in Trombetas, on Para's border with Amazonas, could evolve into an aluminum industrial enclave. Upstream of the river, ELETRONORTE [Northern Electric Power Plants] is already planning the construction of the hydroelectric plant with a capacity for 600,000 kW, the largest in northern Brazil. Already in operation there is an international class port, through which the bauxite is being shipped. Lime, phosphate, and potassium deposits, which could be used as an agricultural corrective agent, have been discovered in the vicinity. The exploration of cassiterite is under way in Amazonas, where the Balbina hydroelectric power plant is under construction as well.

At the instruction of the Interior Ministry, SUDAM [Superintendency for Developing the Amazon Region] is preparing a project to explore Vale do Rio Branco, which connects Amazonas and Roraima, cutting the federal territory exactly in the middle. Investing \$300 million (to be procured abroad) by the end of the decade, the government will build the paved road from Porto Trombetas to Boa Vista, making use of the Northern Petrimetrical; and from there, on two axes in the direction of Georgetown and Caracas, it will build two access routes to the Caribbean. The corrective agent that will make it possible to exploit the vast countryside in Roraima, which cannot be used without it, will be carried along the road. Porto Trombetas, for its part, will be the route for removing the products from the Caribbean to the Atlantic. To make the opposite traffic possible, Roraima will be considered a free trade zone, with the products from the Manaus free trade zone bound for the markets of Venezuela and Guyana traversing it. At the present time, the Guyanese are taking gold to Boa Vista to purchase commodities that they lack in their own country.

The Vale do Rio Branco project, which will be part of the Amazon Region Development Plan (for the period 1986-89), will be an initial undertaking, among others, which might later be implemented in Vale do Rio Negro and, in the future, in Solimoes, upset only by the activity of smugglers and traffickers. President Sarney's constant visits to the Amazon Region and recently, to the border zones as well, are an indication of the courses of action that the government intends to adopt in the region. The question is still "how" to equate the concerns that the geopolitical issue has been bringing up again in the Amazon area.



Key to Map:

1. Northern Perimetrical
2. The National Security Council suggests the use of the military colonies along the road as radiating centers for colonization. But the view that the real occupation of the space occurs only when there is economic motivation prevails.
3. Venezuela and Guyana, border conflicts
4. Surinam, difficult political situation
5. Colombia, M-19 and drug traffic
6. French Guiana, French space program

2909

CSO: 3342/70

CUT ON CGT'S FORMATION, NATIONAL ACCORD, WAGE CAMPAIGN

CGT Seen Superfluous

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Jan 86 p 24

[Text] The Sole Central Organization of Workers (CUT) yesterday described the decision made this week in Sao Paulo by nearly 100 members of the national directorate of the National Conference of the Working Classes (CONCLAT) not to take their grievances to the government any longer as "intransigent, and not leading to anything." The CUT-Sao Paulo secretary general, Osvaldo Bargas, explained that, although putting up uncompromising opposition to the government, the trade unionists affiliated with CUT consider the present to be the politically appropriate time to carry out negotiations; whereas CONCLAT thinks that it is up to the government to seek out the workers, in order to discuss the "battle flags" that they have taken to the streets.

As for CONCLAT's intention of converting itself into the Brazilian edition of the General Confederation of Labor (CGT), an influential name for trade union battles in other Latin American countries, a proposal that is due to take shape at the next CONCLAT congress, scheduled for 21-23 March, the Sao Paulo CUT representative said that this new group could hardly achieve representative status in the Brazilian labor movement, even if it is restructured and seeks a new type of action. Bargas claimed: "Because of CUT's well-defined political positions, nearly four or five unions join the Central Organization every month; while CONCLAT has never won over a union affiliated with CUT since its creation."

The head of the State of Sao Paulo Union of the Lamp and Electric Lighting Fixture Industry Workers, and one of the members of the FIESP's [Sao Paulo State Federation of Industries] group of 14, Carlos Eduardo Uchoa Fagundes, received the news of CGT's creation with considerable reservations. The union leader thinks that the workers should attempt to strengthen their leaderships in their own unions for the category to which they belong, aiming their battles toward "solely labor issues," and not submitting to political-partisan pressure. Fagundes added: "The only goal for the creation of this new central organization is to strengthen the labor movement politically, and that would make the dialogue between employers and employees even more difficult."

CUT, for its part, does not think that the creation of CGT would evoke excitement within the Brazilian labor movement. Nevertheless, he said that he could not come out against its creation because (he claimed) CUT is based upon the defense of the workers' right to organize into central entities that they deem fitting, "because this, too, is first and foremost a means of fighting," as he noted in conclusion.

#### Definition of Accord Explained

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jan 86 p 25

[Text] National accord: this is the innovation at the workers' meetings that the Sole Central Organization of Workers has been discussing internally and wants to debate with Labor Minister Almir Pazzianotto and Finance Minister Dilson Funaro, within the next few days. Mistakenly, however, this type of three-party negotiation (among government, business owners and workers) was announced by CUT leaders as "collective bargaining."

Yesterday, Oswaldo Bargas, the state CUT's secretary, made the correction, attributing the confusion to the unfamiliarity with legal terms. Bargas explained: "What we are discussing, still informally, is the national accord, in the form in which it is implemented in countries such as France, Italy, and Spain, where business owners, workers, and government representatives establish guidelines for the management of the economy and workers' rights during the period in which the accord is in effect"; adding that the national accord does not represent a social pact, but rather an advanced form of organization for labor relations.

According to the trade unionist, in the negotiations on the national accord, the workers are represented by the central union organizations, which divide the minimum number of seats in proportion to the representative status that they have in the labor movement as a whole. Bargas added: "The agenda for these meetings in France, Spain, or Italy is rather extensive, because it ranges from the distribution of governmental funds in the areas of health, education, transportation, etc., to wage correction. The decisions apply to the entire country, and they guarantee the minimum for all workers, without precluding the ability of the more mobilized groups to fight and gain improvements in the proper clauses." In his view, by establishing guidelines, the national accord differs from the social pact, because "it doesn't represent a strait-jacket for the labor movement, which can fight on a sectorial basis for improvements."

Bargas said that the term "collective bargaining" defines an instrument "adopted in the United States and in some European countries, whereby the work contract is not signed between company and worker, but rather between company and union." Bargas noted in addition: "In this instance, the worker seeks employment not in the company, but in the union, which signs the work contract on his behalf, negotiating matters such as work schedule, wage, working conditions, quality of the meals, transportation and other rights. This is an institution that CUT is not discussing internally."

### PT Head Discusses Campaign

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Feb 86 p 26

[Text] State Agency--Yesterday, in Porto Alegre, the head of the Sao Paulo Metalworkers Union, Joaquim dos Santos Andrade, claimed that the possibility of the social pact proposed by the federal government to business owners and workers is increasingly remote. He justified his opinion with the growing inflation rate. "While the government fails to curb rising inflation, it will lose the society's confidence," explained Joaquizao, stressing, however, that even with the difficulties in establishing the social pact, the possibility of the dialogue cannot be ruled out.

On the other hand, in Rio, the labor minister, Almir Pazzianotto, announced for this coming Wednesday and Friday meetings with CUT and CONCLAT representatives, with whom he will begin discussing the notion of the "social understanding." He gave a reminder that there is already a document submitted by CUT to President Jose Sarney, "which needs to be subjected to a prior analysis by the Ministry of Labor."

The labor minister also noted that the 16.23 percent inflation rate in January "represents a very serious threat to economic stability," and that curbing the inflationary phenomenon is in the interest of the country, "and most particularly and especially, the working class." However, Pazzianotto emphasized that the January inflation, in his view, is "an exceptional situation," to which several circumstances have contributed. He remarked: "I am still counting on success in the economic area."

### The Metalworkers' Campaign

The wage campaign of the metalworkers affiliated with the Sole Central Organization of Workers will be the "spearhead" of a national campaign, involving other sectors of society, on behalf of common demands, such as the 40-hour work week and the freezing of prices of items of prime necessity. This was the "message" from the national head of PT [Workers Party], Luis Ignacio da Silva who, as director of the Sao Bernardo do Campo and Diadema Metalworkers Union, addressed nearly 500 workers yesterday, at the first assembly on the wage campaign this year.

2909

CSO: 3342/69

CHURCH SECTORS SCORED FOR SUPPORT OF LAND INVASIONS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Feb 86 p 12

[Text] Porto Alegre, State Agency--Cardinal Dom Vicente Scherer claimed to be "alarmed" at the news that Church sectors in Rio Grande do Sul are preparing a performance in defense of the land invasions, as a means of correcting agrarian injustices, and remarked that funds of the Porto Alegre diocese could "by no means" be used for that purpose.

Dom Vicente said that those responsible for the invasion of the Annoni farm, occupied at the end of October of last year, would have to explain the origin of the funds financed by the movement: 10,000 invaders were taken to the farm from various sections of the state. He gave assurance that the diocese of Porto Alegre would not finance the politico-electoral plans of the Basic Ecclesial Communities (CEB) and the Pastoral Land Commissions which have already set up a system for aiding the PT's [Workers Party] election campaign. According to Dom Vicente, what those sectors may be engaged in is "trickery," claiming to be using those funds procured from the Church, whereas, in fact, they have come from "hidden sources."

The cardinal condemned the plans for the Land Festival, announced the day before yesterday in the Rio Grande do Sul capital by the regional coordinator of the Basic Ecclesial Communities, Antonio Cecchin; the regional coordinator of the Pastoral Land Commissions, Father Joao Schio; the pastoral secretary of the No 3 Southern Regional Group of the CNBB [National Conference of Brazilian Bishops], Jose Mario Stroher; Father Arnildo Fritzen, from Ronda Alta (one of those most closely associated with the "landless" movement, recently described as "a PT, besides," by the archbishop of Porto Alegre, Dom Claudio Colling); and three heads of the camp belonging to the invaders of the Annoni farm (an area of 8,351 hectares in the interior part of the state, expropriated 13 years ago by INCRA [National Institute of Land Reform and Settlement] for agrarian reform purposes). The Ninth Land Festival will be held at the Annoni farm itself. Its organizers are planning on the participation of 100,000 persons, and there will be four theatrical performances staged at it. At the third of them, the invasion of the Annoni farm will be depicted as an alternative for overcoming agrarian injustices.

## Peaceful Means

Dom Vicente Scherer emphasized: "Assistance to the struggle of the poor for social progress and better living conditions is part of the Church's social doctrine, but all in an orderly atmosphere and using peaceful and just means." The defense of the land invasions "could even cause social disorder and hamper the action that the government is attempting to foster in agrarian reform. Agrarian reform is a necessity, but we cannot allow an almost pre-revolutionary situation."

The cardinal criticized Bishop Jose Mario Stroehner, auxiliary bishop of the archdiocese of Porto Alegre, who, upon being asked whether Dom Vicente would also be invited to the Ninth Land Festival, responded with a guffaw. "I am not surprised by anything from him. He is quite different from what I imagined he would be when he was named bishop; he is very far removed from the spirit of the Church, getting involved in a sham of that type," asserted Dom Vicente Scherer, adding that the offensive personal feature of Dom Jose Mario Stroehner's reaction "matters little to me. What alarms me is that agitation which they are attempting to promote." The cardinal also said that he would not be surprised at the participation of Fathers Arnildo Fritzen and Joao Schio in the Ninth Land Festival, "because they are always involved in such things." However, certain statements by Antonio Cecchin left Dom Vicente Schere "amazed," because, in addition to being an esteemed professor, "he is doing very good work, promoting the welfare of the town in which he is operating in Canoas (a municipality in the metropolitan region of Porto Alegre)."

Describing the manner in which the invasion of the Annoni farm was organized as "a mystery to date," Dom Vicente Scherer remarked: "We want to know the origin of the money to mobilize and move 10,000 people, from all over the place." He avoided agreeing with the opinions of various sectors, to the effect that the CEB and the CPT's participated in organizing the invasion. "I don't know to what extent their nerve goes." When asked whether the funds to make the invasion possible might have come from the Church, the cardinal commented: "I don't know who would provide them." And when questioned whether the funds might have come from PT, he noted: "There are many possible sources; they are the ones who must explain."

The cardinal said that he was concerned about the statements made by Antonio Cecchin, regional coordinator of the CEB, that the funds from "Opération Hope" of the diocese of Porto Alegre might be used to pay for photographs for the titles of needy individuals. According to Cecchin, the CEB and the CPT's will tour "from house to house" in the capital and interior poor settlements to convince the population of the importance of the constituent body elections and to urge all to vote. Later, still according to Cecchin, group meetings will be sponsored to debate which party and which candidates should be voted for. According to a source from the CPT, it is during that phase that PT will be depicted as the only alternative.

### Non-Partisan League

As for Antonio Cecchin's claim that the Church's political participation is a tradition, citing the example of the Catholic Electoral League as sufficient evidence, the cardinal said that this league, formed during the 1934 constituent elections, had completely different objectives. He noted that the league was non-partisan and upheld general principles, such as the promulgation of the Constitution in God's name; optional religious education in public schools; religious service for the military in the barracks; recognition of religious marriage for civil purposes; and the indissolubility of the family. The cardinal remarked that, at present, this type of Church action would no longer be warranted, "because the people are now far more politicized, and can judge for themselves." Furthermore, it is "totally wrong" for the Church to engage in propaganda for one party.

Expressing regret at the action taken by the leaders of the CEB and CPT's, and by certain priests, the cardinal said that, if he were still archbishop (he was retired in December 1981), he would not allow the sponsoring of such events in his area of jurisdiction. He said that he would summon those responsible, and make them realize "that they are not acting in accordance with the Church's principles." Dom Vicente refused to comment on the types of punishment that could be adopted in this instance (canon law even calls for the removal of Holy Orders from priests), arguing that he would not want to give the impression that he was making some suggestion to the present archbishop, Dom Claudio Colling.

2909

CSO: 3342/70

IBGE ATTRIBUTES RECORD JANUARY INFLATION TO FOOD COST RISE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Jan 86 p 29

[Text] Rio, State Agency--During January, inflation reached 16.23 percent, as was reported yesterday in Rio by the Brazilian Institute of Geography and Statistics (IBGE), upon announcing the expanded consumer price national index (IPCA); the highest in its historical series, exceeding the previous record of 14.61 percent recorded in January of last year. Ground coffee was the item responsible for the major variation in the IPCA, 9.76 percent, owing to the increases amounting to 106.14 percent.

During the past 12 months, inflation also reached the record height of 238.36 percent, based on the changes in the IPCA from January 1985 to January 1986; replacing the previous standing of 233.65 percent recorded in December. A new record was set for the semi-annual variation in the index covering the period from August 1985 until this January, reaching 101.41 percent, which will serve as a base for the February wage readjustments.

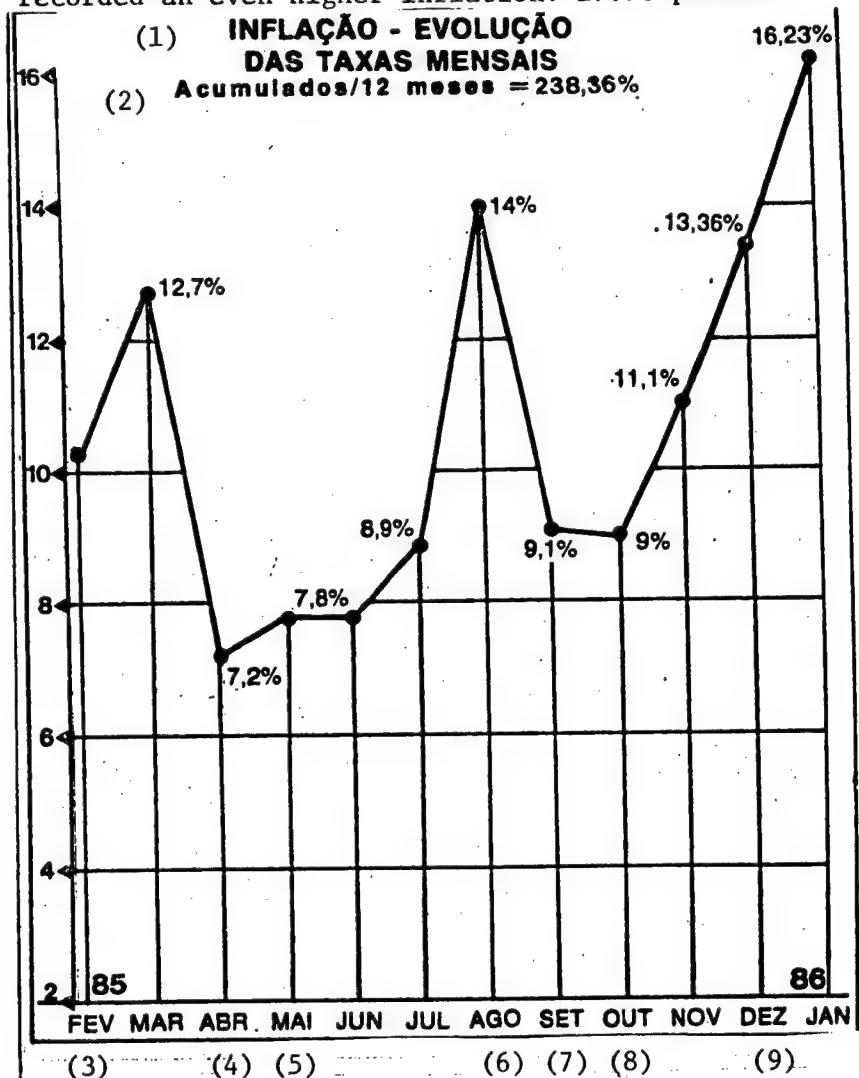
According to the head of the IBGE, economist Edmar Bacha, the variation in the IPCA in the preliminary forecast disclosed 3 days ago was minimal, amounting to 16.20 percent of the official result of 16.23 percent, which he considered quite high. He cited the food group as the one mainly responsible for the record inflation, since it has undergone a rise of 17.20 percent, causing its effect on the IPCA to be 37.34 percent.

With the exception of sugar, fruits and beef, all the other food products showed a rise in the compilation of prices made by the IBGE, covering the 35-day period from 11 December to 14 January. Also increasing were: rice, because of the between-harvests period; beans, owing to the lesser supply, resulting from the drought; and French bread, wheat flour and dough, owing to the readjustments at the end of November. To a lesser extent, there were increases for vegetable, fruit and grain products, primarily those sensitive to heat, with the exception of the fruit, and also milk, and its by-products, as well as meals taken away from home; this being a result of the rises in food prices. Also according to the IBGE, the performance of meat has brought about a rise in the prices of frankfurters, sausage and other products; while the typical larger demand during the season raised the prices of fish, chicken, and eggs, the main reason for this being the increase in corn prices.

According to Edmar Bacha, the announced price control measures and the purchases made abroad will tend to mitigate the effects that the high food prices are having on the formation of the inflation index. In his opinion, the first purchases made by the government are already causing a change in the trend of consumer prices.

According to the IBGE, the food, transportation, and communication groups combined accounted for 60 percent of the record January IPCA. The variation in the transportation and communication group, the second greatest pressure on the January inflation results, amounted to 22.91 percent, directly participating in the formation of the IPCA with 23.08 percent. According to technicians from the government agency, that strong pressure is due mainly to the increase in urban bus and taxi fares in most of the metropolitan regions, and also in those for intermunicipal and interstate buses, in all the regions researched by the IBGE. Other price hikes were found for new and used cars, and also for air fares.

The IBGE reported, in addition, that the national consumer price index (the former INPC) recorded an even higher inflation: 17.20 percent.



**Key to Graph:**

1. Inflation - Change in Monthly Rates
2. Cumulative/12 months
3. Feb
4. Apr
5. May
6. Aug
7. Sep
8. Oct
9. Dec

2909

CSO: 3342/69

CFP CITES 30 PERCENT DROP IN PRODUCTION OF FIVE MAIN CROPS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Feb 86 p 35

[Text] Brasilia, State Agency--Yesterday, the Production Financing Company [CFP] published its latest survey on the 1985-86 harvest. According to the estimates, the five leading products (rice, beans, corn, soybeans, and cotton) showed an average decline of nearly 30 percent in comparison with the last harvest. The forecast is that approximately 35 million tons of grain will be harvested in the south-central region. Two factors not computed which could improve the rice and corn crops are the harvests in Maranhao and Parana, respectively.

The rice harvest in Maranhao could increase 34 percent, amounting to 1.2 million tons, and partially offsetting the losses. However, what is most important is the 4 percent increase that could occur in the Rio Grande do Sul harvest, because this state accounts for 40 percent of the national production. Even with these figures, the decline in comparison with the 1984-85 harvest should remain about 3 percent. The importing of rice has not been precluded, because the government lacks stocks and most of the crop (63 percent) will not start to be harvested until April.

Cotton and beans were the products which declined most in comparison with the 1984-85 harvest (44 and 45 percent, respectively). During the previous harvest, 780,000 tons of cotton were gathered, and in the current one, this figure has dropped to 433,600. In the case of beans, the former crop was 1.2 million tons, and the present one will not amount to 700,000 tons.

The corn harvest should show a 25 percent decline in comparison with the last crop, standing at 14.3 million tons, in contrast to 19.1 million in the 1984-85 harvest. Corn could show a slight recovery with the second harvest in Parana (the little harvest). Soybean production also showed a considerable decline: 31 percent of the 17.2 million tons of 1984-85, the crop was reduced to 11.8 million. This is the CFP's latest harvest forecast, and should correspond to the approximate figures for the forthcoming crops. All that is needed to calculate the country's total production is an assessment of the harvest in the Northeast.

2909  
CSO: 3342/70

## BRIEFS

CMN ON MONETARY REFORM--At the next meeting of the National Monetary Council (CMN), the government will again discuss the possibility of making a reform during the coming months to eliminate three zeros from the cruzeiro monetary unit, because of the devaluation of the currency and the psychological component represented for the population by the frequent relabelling of the prices for products. The monetary reform was suggested at the last meeting of the National Monetary Council, as was disclosed yesterday by a state minister; but the matter remains in abeyance, at the decision of the finance minister. The idea submitted is that of removing the three zeros without necessarily establishing a different currency, as occurred with the new cruzeiro under the Castelo Branco government, but merely establishing a different monetary standard. Some of the business owners represented in the Monetary Council agreed, in principle, with the adoption of the measure, if the rise in the inflation rate should persist. The removal of the three zeros would help to combat inflation psychologically, although it would have no practical result if it were not accompanied by new measures in the economic policy. The increasing devaluation of the currency will lead to the issue of currency notes in increasingly larger amounts. The resistance among certain sectors of the government to the removal of the three zeros stems from the conviction that, starting in March, the inflation rate will stagnate, later embarking on a decline. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Jan 86 p 29] 2909

PURCHASING POWER DOWN 46.4 PERCENT--Confirming the 16.2 percent inflation rate in January, a worker who earns a minimum wage will lose 46.4 percent of his wage's purchasing power 3 months after its latest readjustment, according to a calculation made by the Interunion Department of Statistics and Socioeconomic Studies (DIEESE). In other words, with 600,000 cruzeiros (the minimum wage), one purchases the same things today that were bought for 408,000 cruzeiros last November; which, according to economist Sergio Mendonca, represents a heightening of the speed of wage erosion in comparison with the same period last year, despite the real increases made in the minimum wage during 1985. Result: the average minimum wage for 1985 is less than that of 1984. The DIEESE studies note that the wage losses for the quarter November-January are even greater than those which occurred during all of 1978. The same rises also indicate that if the 1959 minimum wage (the largest recorded since its creation in 1940) were readjusted according to the exact variation in the cost of living, it would now be 1.739 million cruzeiros. According to Sergio Mendonca, these figures demonstrate the need for making the wage readjustments on a quarterly basis; because if the indexes are repeated during the next quarter (totaling 114 percent in 6 months), the minimum, readjusted every half-year, would be worth less than half in May of what it was worth in November. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Jan 86 p 28] 2909

CHILE

THOUGHTS OF MINISTER CUADRA

Santiago QUE PASA in Spanish 9-15 Jan 86 pp 32-38

[Text] In a country in which it is hard to find points on which the government and the opposition agree, there is one on which they do: the belief that Francisco Javier Cuadra is a key man in the current regime and in the process that is supposed to conclude in 1989.

As secretary general of government, the 31-year old Cuadra, the man with the studious schoolboy's face who gives measured, confident and different answers, has gained the respect of his supporters and peers in government and the fear and antagonism of its opponents.

A serious scholar who is convinced that modern governments must be run like businesses (combining technology and rational management), an expert on Church issues and a staunch believer in the importance of proper communications in 20th century society, Minister Francisco Javier Cuadra is a commanding figure in President Pinochet's government. It is important, therefore, to find out his views on national events, the performance of the military regime and how the government envisions the future.

It was an informal interview. No time limits, no set topics, no questionnaire, no prior agenda. The minister secretary general of government had an entire morning to address a wide variety of political issues with a team from QUE PASA consisting of Roberto Pulido, the magazine's managing editor; Patricia O'Shea, the editor in chief, and Gloria Stanley, the special features editor.

At 0900 hours on the dot the minister, impeccably dressed in a gray three-piece suit and holding a thick folder in his hand, invited QUE PASA into his apartment in the eastern part of the city.

A wicker cradle on the small terrace outside the living room, a few cups of coffee with cookies, served by the minister's wife at 1030 hours, and several glasses of peach juice at around 1300 hours lent a homey note to the interview.

Speaking deliberately, never losing the thread of his thoughts (not even when little Francisco entered shouting "Daddy"), the minister seemed to grow more energetic and enthusiastic with each new issue that was raised.

A terse answer does not do for him. Faced with a question, he cannot resist the temptation to provide background, and here his almost incredible knowledge of history comes to the fore: ancient history, modern history, contemporary history, world history, the history of Chile. At times he sounds like a teacher explaining a subject to his students; other times, like a gifted student who wants to show that his reasoning stems from in-depth analyses, not from caprice. Suddenly, he turns into a cold and methodical public official, sure of his goals and with his paths carefully mapped out.

His eyes are the key to this extraordinary metamorphosis. Behind his glasses they look commanding, steely; when the glasses disappear, one can glimpse a hint of tiredness in them. But when the minister smiles, they take on a strong and almost childlike bluish tint.

The last question in the interview ("What are you reading now, Mr Minister?") received a surprising answer: "Come over to my bedroom." Once in the room, which is dominated by a Baroque cross, the minister snatched several volumes from the flanking shelves, which left hardly any room to walk: "L'Ordre des Temps," "Los Doce Cesares," "Parallel Lives" by Plutarch, "Poesia" by Pedro Salinas, "Con los Ojos Abiertos" by Marguerite Yourcenar, and "Antologia Poetica" by Luis Rosales.

And what about Machiavelli's "The Prince," which you mentioned during our talk? we asked.

"That's here in the library too," he replied.

How He Views the Transition. "In discussing this issue, we have to point out beforehand that the transition in Chile is completely different from the transitions that have been taking place since the 1970's elsewhere in the world: Spain, Brazil, Uruguay, Argentina, for example. There are fundamental differences. One of the main differences is the negotiating position in which the Armed Forces in those countries have been; they have almost always been at a disadvantage, especially in the case of Uruguay and Argentina. In the first case, because of the defeat of the political constitution that was submitted to the people; and in the second, owing to the military fiasco in the Falkland Islands. This transformed their transition processes into genuine surrenders of power. The uniqueness of Chile's case is that here the transition is not a surrender of power as such. I should also not fail to mention the unacceptable assumption that power had been previously usurped, which was not the case in Chile in 1973 and 1980. This is the overriding historical perspective that must be borne in mind in a political analysis and that the opposition has failed to understand, because to the opposition, even some of its elements overseas, a transition is synonymous with a surrender of power.

"The transition period in Chile, which runs from 1981 to 1989, is basically legal in nature, which means establishing the complementary provisions of the Political Constitution, whatever their level. It always bears remembering

that the Armed Forces intervened in national politics on 11 September 1973 and that they have gradually limited their exercise of power since then. Notwithstanding other provisions, mainly the Constitutional Acts of 1976 and then the 1980 Political Constitution. Obviously there are political, social and economic complements, but always in reference to this concept of a transition, which is in keeping with our realities."

1985: The End of an Stage. "1985 marks the end of one stage in recent history and the beginning of another. The government had worked with a strategy geared to the domestic situation during the second half of the 1970's, a strategy that could be described as one of 'successive stages.' In general, it aimed at achieving economic development with heavy social impact and then at taking up clearly political concerns. However, the basis of the strategy, which was a successful economic policy, combined with the worldwide recession and the crisis of the domestic financial system to produce a quite complex situation that had political repercussions, perhaps one of the most difficult situations that the government has had to deal with. Some opposition sectors even tried to compare this situation with the one that President Ibanez faced during his first term. Encina always seeks out symbolic events that set periods of history apart. During this stage of the government, the event was perhaps the bankruptcy of the CRAV, which brought about feelings, impressions or expectations of economic gloom. The opposition, which had remained silent, inactive and disjointed for almost 8 years, seized the moment and organized. But it did so unwisely, and herein lies the main difference between it and the opposition that went after General Ibanez in 1931. Instead of focusing on the economic crisis, marked by high unemployment and the shutdown or slowdown of production, with the resulting impact on the banking system, the opposition diverted its attack onto a supposed moral crisis. This was a serious strategic mistake for its interests, and it stemmed from what I would call the 'dictatorship complex,' which ultimately derives from the great importance that the opposition attaches to ideology. As far as the opposition was concerned, the economic crisis was the manifestation of a moral crisis stemming from adherence to a capitalist system of development with too much freedom, in which (and I am simplifying here to summarize) business had irresponsibly mismanaged capital, and the ignorant people had, in turn, fallen prey to dreadful consumerism. Thus, God had punished Chile, and this sort of latter-day Babylonia had paid for its sins with the total disintegration of the system. Therefore, a breakdown had to be brought about, which would be achieved through a 'social mobilization.' This was the opposition's diagnosis in 1982, and in a way the bishops embodied it in their document 'The Rebirth of Chile.' The 'social mobilization,' which began in May 1983 after the 'Punta de Tralca Accord,' gave rise to a new political landscape, which when combined with economic conditions, led to a complex situation for the government. The successive changes in the cabinet from 1982 to early 1985 showed that the government was experimenting with various economic adjustment phases or alternatives (the economy was the real problem), until it finally got things under control: a normal inflation rate for Latin America, declining unemployment, an increase in productive jobs with a shrinking of the PEM [Minimum Employment Program] and the POJH [Jobs Program for Heads of Household], and an increasingly strong private sector. We are thus at the end of an stage; we could briefly describe it as one of very careful political governance conditioned by the management of the economic crisis, which could

have created difficult situations but which the opposition was unable to take advantage of. It erred in its diagnosis, chose the wrong target and wasted its time, and the government took advantage of it all."

The Beginning of a New Stage: 1986-1989. "The stage that we are beginning, within the unique Chilean transition, should bring a calmer political scene. The impression is that the announced social mobilization is not going to achieve its objectives in 1986 and will fail once again because of the degree to which the political process has evolved. Martial law put an abrupt end to the political excitement of 1983 and 1984. In addition, government efforts in 1985 deflected true political concerns to 1989.

"The picture is completely different, and the 3-year period from 1986 to 1988 has one main goal: 1989. Even the opposition has begun to sense this, and its hub, the Christian Democratic Party, is split. We need only look at the statements of a Juan Hamilton or a Gabriel Valdes, for example. One says that three constitutional amendments are needed, and the other that the government has to step down at 2 o'clock this afternoon. This settling out and breakup will most likely intensify even further in the future.

"The new stage, which rests on the work done in 1985, could be described as having 'simultaneous phases,' inasmuch as efforts are under way concurrently in the areas of law, institutions, politics and economic and social development. These efforts will have a profound impact, and the difficulties that may arise in one area can be offset by successes in another. Thus, the process is centered and balanced around the expiration of the temporary provisions of the political constitution."

1986: A Year of Economic and Social Development. "As far as economic and social issues are concerned, we feel that over the next few years there is going to be slow, moderate but steady development. Barring a major international crisis or economic policy mistakes, which are unlikely on the home front, overall expectations will rise considerably. We should bear in mind that Chile's fine handling of its macroeconomic situation has been internationally acknowledged.

"It is true that people's perception might not yet be as positive. The explanation is that the macroeconomic adjustments have not yet carried over to the microeconomic level. And as far as public opinion is concerned, the microeconomy is what really matters. The effects have not yet been completely felt, and this is one of the major challenges facing government, business and labor alike in 1986."

The Opposition's Problems. "The opposition has at least two major problems. The first is its broad spectrum, with a large central movement called socialism, which has several variations, one of which is the Christian Democrats. The second, which in a way stems from the first, is its strong emphasis on ideology and political intellectualism, which when combined with its heterogeneity, creates a situation that we could describe as one of dispersion and anarchy. A situation that is strongly reminiscent of the republic between 1822 and 1830. The opposition's emphasis on ideology has a very important nuance, its internationalism, especially in its strongest

forces, the Marxists and the Christian Democrats. The ideological, political and even financial commitments that this internationalization entails induce these political groups to take unrealistic stands that the masses do not support. Thus, the opposition today is theoretical; it gets tangled up in itself and, therefore, is ineffective, at the expense of its interests. If one looks at the goals that the opposition has set for itself in recent years, it has really achieved none of them. The government has even unquestionably had the initiative in the medium and long term."

The Role of Democratic Socialism. "The key to answering the question about the role that democratic socialists can play is to define what sort of Marxists they are. Many say: 'I'm a Marxist, not a Leninist.' And they think that they are thus overcoming the ideology's intrinsic shortcomings. But to counter this statement we can use practically the same argument that the Church employs against Liberation Theology. Cardinal Ratzinger argues that one cannot accept the Marxian method of analyzing society without concurrently, almost unconsciously absorbing the principles underlying the methodology. Deep down, he is acknowledging Marxism as an all-encompassing view of man, society and history, including a methodology, which cannot be isolated from its underpinnings, in other words, the determinism that is inherent in historical materialism and dialectical materialism. This is one of the major issues in the cultural debate concerning Marxism and one of the reasons for its intellectual failure in Europe. In France, for example, intellectuals were very close to Marxism from 1940 to 1960; in the 1970's and especially now they have drifted strikingly far away from Marxism and are unquestionably adherents of neoliberalism.

"For the time being there is very little chance of building socialism in Europe, which makes it an increasingly absurd and anachronistic myth, to the extent that the socialist countries are proving to be less and less capable of resolving their social and economic problems and as technology radically transforms the substance of politics in the West. We can see this in the case of Mitterrand in France. During the first 3 years of his administration he worked with the most ideological faction of the French Socialist Party, which succeeded in pushing through two key policies: the nationalization of private companies and the banks, and a system like the ENU in the field of education. In a striking reassessment of political strategy and tactics, Mitterrand did an abrupt about-face. He changed prime ministers, appointing Fabius, who is just under 40 years of age, has a very modern approach to politics and has an extraordinary mastery of administration, communication and technology. He rearranged the French political scene. He called off the school program and thus calmed the Church. With regard to business, he began denationalizing and pursuing liberal policies that have caused major philosophical problems inside the Socialist Party. At the Toulouse Congress 2 months ago, Fabius established a position closer to Social Democracy within the Socialist Party. All in all, the question mark remains; it is tied in with the acceptance of Marxism as a fundamental ideology, as a method of analysis. Now then, if we take a look at the writings of Chilean Socialists, we can see that they are still very far from the as yet seemingly very questionable position of Spanish or French Socialists."

Marxism and the "Chilean Case." "Because of its serious implications for the nation, Marxism is a key, decisive issue in the government's political analyses and assessments. This is a central and absolutely nonnegotiable position in talks formal or informal, express or tacit, open or closed, direct or indirect. The reason is that in the realm of not only ideology but also political practice, communism has expanded constantly since the 1917 revolution. We need only look at the results of the expansion since the Second World War: Korea, Vietnam, Germany, Hungary, Poland, Afghanistan, Nicaragua, Cuba, Angola, Yemen and others.

"To understand Marxism and its role in Chile, we have to recall what Brezhnev said in connection with the invasion of Afghanistan: 'We do not want Afghanistan to become another Chile.' Hence, we see very clearly that Marxism is laying strong siege to Chile. It might not be the priority tactical target right now, but if you look at a map, you will see how strategic Chile is to Soviet expansionism. Along with South Africa, New Caledonia, the Philippines and Colombia, which oddly enough are scenes of agitation and vantage points for controlling the natural and manmade passages between the Atlantic and the Pacific, one of the few geopolitical factors that the Soviet Union still does not control.

"There are two other circumstances that in one way or another make Chile's situation vis-a-vis Marxism worse. The first is that in 1973 the communist empire was dealt a very harsh blow to its prestige with the rout of Salvador Allende. We learn from history that empires do not allow setbacks and if they suffer them, they do not forgive them. President Pinochet has often described this in military terms. When an army is advancing (and the Soviet Union is a force that is expanding, that is moving towards a specific goal) and it suddenly realizes that it has left one spot behind that is out of control and causing resistance, what does the commander of the army do? He simply concentrates as many forces as he can around that spot to prevent the rearguard from being at all exposed. So then, strategywise, how does Chile stand? A small developing country has seriously damaged the prestige of the Marxist empire and has therefore been a target for its ongoing attacks since 1973. Secondly, Chile has done very serious damage to Marxist doctrine, as confidential Marxist documents have often indicated after the military uprising of 1973. The uprising proved that the dogma of socialism's irreversibility was flawed. The comprehensive 'construction of socialism' was nipped in the bud in 1973. What is their explanation? That the Chilean episode is a pause in the dialectic; in other words, 'we lost today, but we will win tomorrow.' This is the reason for the loyalty that is evident today in the Marxist Left; it also fits in with the view of many people in the opposition today who, while not Marxists, regard this government as just an interlude. Here is where the phenomenon of using people comes into play.

"Moreover, we have to remember that in 1973 the Marxist experiment of coming to power through the ballot box also failed; Allende himself contended that the Soviet Union and Chile were examples of the two ways to take power: violently and through elections. We know that our country is unique in this regard and that the experiment was a failure."

The Christian Democratic Party: A Necessary Definition. "Christian Democracy has played an important role in Chilean history over the past 30 years. This is beyond question. Whether one's assessment of it is positive or negative depends on one's perspective. From our perspective, the assessment is negative, and this is the view that we have outlined in recent months. I have the impression that this will be one of the major issues over the coming years, because the DC in Chile is a source of political instability.

"We have to distinguish between the image and the reality of the DC. In the first place, it has a centrist image, and of course its very name, 'Christian' and 'democracy,' conveys a neutral impression that is favorable to it, inasmuch as it conjures up an entire tradition of national life, that is to say, the democratic republic and the influence of Christianity, in the country's collective memory. Nevertheless, I would divide the history of the real DC into three major stages. The first, which we could call its youth and which was therefore full of vitality, marked by growth and without prejudices, lasted until 1957. Then came the stage characterized by the possibility of coming to power, with its unsuccessful attempt in 1958 and its taking maximum advantage of the circumstances in 1964, a development that gave it the impression that it had reached its peak and pushed it toward change. This is the key word: change, 'Everything has to change' or 'we have to start from square one,' was what we heard at the time. This trend intensified with the landslide victory in the 1965 congressional elections. Then came the stage of 'conceit' in the exercise of power. From 1967 to 1970 they worked on their goal of 30 years in government and on putting together their agenda for those 30 years. This was a period of ideological settling out, but oddly enough, one of great political naivete as well, marked by a definite lack of political 'virtue,' of prudence. The result was the first major political blunder in the DC's strategy: the uncontrolled and preposterous Tomic candidacy, with his program of community socialism, a community socialism that has a pre-1970 period, which is MAPU [United Popular Action Movement] and a post-1970 period, which is the Christian Left. Then came the political drama of the Allende-Tomic Pact and, finally, under Popular Unity, the moves by the Right, which was very skillfully guided by Jarpa, who edged the DC into the opposition. Before the military uprising of 1973 we once again find the DC wanting to offer itself as an alternative to the Allende disaster and espousing a distinctly socialist line. We need only read its publications to verify this.

"In short, then, we have before us a DC whose image has been enhanced, largely by the international standing that the European DC accords it, but whose actual behavior is very negative and paradoxical on the home front. I think that the DC is soon going to have to say where it really stands. The role that it may eventually play will depend on this settling out, because as the political debate broadens, the DC's congenital weakness is going to become increasingly obvious. An image is not useful forever; reality inevitably tells."

1989 and the Continuation of the Regime. "This government has laid a groundwork and brought about sweeping changes in Chilean society through the modernization of various areas, thus creating a situation very different from the one before 1973. Since the uprising it has engaged in a process of self-limitation, including the Political Constitution, with its temporary

provisions, and a process of judicial institutionalization. Actually, there have been several governments since 1973, under the statutes that have governed each period, and it is therefore perfectly possible that after 1989 there will be another government that adheres to the same principles and values. 1989 is very important because an element that has not come into play before, except with the passage of the 1980 Constitution, will be present: the presidential plebiscite scheduled for 1988 or 1989 and then the congressional elections. The continuation of the government beyond 1989 hinges on these elections. Lately, some have said that a presidential plebiscite is inadvisable at that point. It is, however, part of the final stage of the process provided for in the Political Constitution and, therefore, is not an issue today; moreover, it does not make much sense to bring up an issue like this with the law already on the books."

Church-Government Conflict? "One of the factors that have influenced Chilean politics in recent decades has been the crisis of Catholic culture. The absence of a vigorous, dynamic and strong Catholic thought in the face of changing times and social fashion explains many of the major trends and developments in our recent history. Yes, there is a doctrine, but it's way over there. How many people are familiar with that doctrine, which is unknown both as a social doctrine and as it applies to the Catholic faith itself and to morals? What does my reference to the crisis of Catholic culture mean then? When the displacement of reason gives rise to myth, symbols begin to exert a great deal of influence, and maturity is dealt a setback. So then, among other things, in the wake of any disagreement or misunderstanding, any difference of opinion between the political authorities and segments of the episcopate or the clergy, people immediately get the idea (or rather the feeling) that there is a conflict between Church and State, and this issue, 'the conflict,' is then taken advantage of by the political opposition. But if we analyze things objectively, there is no conflict between Church and State. There has been no confrontation over doctrine in the provinces that are properly those of the Church; there has been no loss of Church privileges and no restrictions on Church activities proper. There was a Church-State conflict in Chile late last century, when issues that were very important to the Church were decided. This was the time when the lay laws, the register office, the civil marriage and the cemetery laws were enacted. There is a conflict between Church and State today in Poland, where the activities of the Church are restricted.

"There may be tensions, disagreements and difficulties between government authorities and members of the episcopate or the clergy here in Chile, but not a conflict between the State as a juridical person and the Church as a juridical person. As far as their relations are concerned, there has been a little bit of everything over the past 12 years. The government has obviously not been pleased to see that certain arguments of Catholic bishops have been used by the opposition as the basis for political work, that such arguments are, in a way, an endorsement of opposition activity and that certain bishops or priests have made overtly political statements; this represents a fresh trend towards clericalism, which has worried various segments of public opinion."

Influence of the Chilean Church. "The Church in Argentina and the Church in Nicaragua are mentioned often today as two different types of churches. The main difference is the intellectual training in the Argentine Catholic Church, which is religiously more structured, stronger, more united. This has given it a different political role, and it has thus not worn itself out in circumstantial battles. In contrast, in Nicaragua the substance of Catholic culture is different, and therefore the temptation to intervene in politics is greater; or else the level of defense in that regard is lower, which leads to many practical errors, because priests are not trained intellectually for politics. Politics is by definition relative; theology is by definition absolute.

"Even an unconscious transfer of theology's system of analyzing and evaluating the absolute to the relative and variable approach of politics causes problems in making practical judgments, which could have touchy and undesirable consequences.

"One segment of Chilean bishops and priests has essentially taken an approach more similar to that of the Nicaraguan Church. And what have they achieved? A loss of influence in their natural sphere of action, as surveys indicate, with the growth of Protestantism, atheism and indifference to religion. Portales saw the Church as a major catalyzing social factor because of the religious and moral influence it exerts on the masses. But such influence is achieved to the extent that the Church performs its proper functions. If the Church ventures from its own sphere, it runs the risk of losing important areas of influence and, at the same time, becomes susceptible to infiltration, as is the case with the theology of liberation. When one reads Pablo Richard, a former Chilean priest who describes Nicaragua as something fantastic that has happened in Latin America, in the sense that the Church, which guides the masses, must join with Marxism to shape history and transform the continent, one realizes the tragedy besetting the Latin American Church and grasps why Pope John Paul II is so worried in this regard.

"In any event, if we analyze the behavior of these segments of the Chilean Church, we will see that little by little they have changed in recent years, starting with the 'Rebirth of Chile' declaration, via the dialogue and then finally the 1985 reconciliation campaign. For the first time the Episcopal Conference at the close of the year did not issue a political statement. Other small changes have also apparently been made, which would in a way explain why the most recently appointed bishops are men who distinguish religion from politics. Thus, the others are losing their influence because of their mishandling of politics. Deep down, the failure of the opposition has hurt them."

Terrorism and Social Mobilization. "Terrorism is a contemporary evil plaguing the West. It is one of the means that the Soviet Union employs (there is quite a bit of worldwide information on Soviet links with terrorist groups), as it seizes on the frictions in a given area to create conflict, make regimes vulnerable, cause unrest and pave the way for revolution. The battle against terrorism is not a battle of force; it is fundamentally a battle of wits. Much will always remain to be done in this regard.

"As far as the social mobilization is concerned, I have to say that it is an annoying and unpleasant development. It has done nothing constructive. The Confederation of Copper Workers first called for it in the Punta de Tralca Accord in April 1983, and it had a single aim: a nationwide work stoppage. There has been no nationwide work stoppage so far. There have, however, been protests, which have ultimately worked against their organizers, particularly after the way the courts have ruled on the charges filed against them. The opposition will have to be very careful this year, not only because the method is unpopular but also because the court cases have not gone in their favor. The opposition's strategy for 1986, in its own words, is to organize a nationwide work stoppage. The success of the strategy depends, however, on the rallying power of political leaders who over a 2-year period, the worst period of the economic crisis, were unable to cause serious political problems. They will be even less able to do so now, thanks to the responsible handling of the economic and social situation. The opposition is completely unrealistic. The fact that Ricardo Nunez is one of the people proposing this strategy is significant, because it confirms what the government has been saying: the democratic opposition is not well defined. It comprises the DC, with its longstanding problem of disparate factions; a Social Democracy that is practically nonexistent; a right wing that is very small, not to say nonexistent; and a highly structured left wing that decides the issues, the terms and the arguments."

President Pinochet: A Symbol of the Process. "The influence that the president of the republic has always had, plus the character and personality of President Pinochet, have made him a symbol of the process that began with the 1973 military uprising. To grasp General Pinochet's importance as a figure, we have to put time in the proper perspective. In this day and age, one day is equal to months in the 19th century or three centuries ago. I have no doubt that from a proper historical perspective, the person of President Pinochet is going to have a fundamental place in the history of the nation and the republic. If we look back in history at Valdivia, who is more important than Almagro today because he was steadfast enough to found and structure a political system; or at O'Higgins, who in spite of the difficulties in his personal life was actually the architect of independence, even though Carrera was the first to call for it, because during his 4 years in power he set forth the guidelines for Chile's political institutions; or at Portales, who in rapid order exerted a decisive influence on the formalization of the republican order; or at Arturo Alessandri Palma, who also exerted special influence in our century, then there can be no doubt that President Pinochet, with his 12 years in office so far, plus however many more he serves, will have played a decisive role in national life. He has provided the general inspiration for the process of institutional renewal and social and economic modernization and he has led his government and administrative team with striking political effectiveness."

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CSO: 8148/0716

CTC SEGUEL ON ROLE OF UNION, POSSIBILITY OF NATIONAL STRIKE

Santiago EL MERCURIO in Spanish 19 Jan 86 p D 5

[Interview with Rodolfo Seguel, president of the CTC; author, date, time and place not given]

[Text] Because he ceased to be an employee in mid 1983 when, as a result of a work stoppage in the copper industry, the Copper Corporation (CODELCO) sent out a discreet blue envelope to more than 5,000 workers in the four mines, Rodolfo Seguel's reelection as president of the Confederation of Copper Workers (CTC) appeared to be an act of defiance.

[Question] How did you feel when you were elected president of the CTC for the third time?

[Answer] The feeling had come upon me earlier. My election as national leader first of all meant that I had the support of eight votes, when our own calculations had led us to expect seven. That additional vote, which was not attributable to the political line we have followed in directing the confederation, but rather to another policy, was a clear indication to me that the work we are doing at the national level is joining together more sectors than is generally believed. It is attracting more people. From that point of view, I felt that once again we have been blessed by God. The political-labor line that we have followed has been broadly supported by the workers, and that proves that we are not wrong.

[Question] Why do you always put the political label before the labor one?

[Answer] Because politics is the art of governing, and what we have tried to do during these years is govern this organization democratically, comprehensively, pluralistically, with people who agree and disagree, and also with people who have not taken a position. I am not referring to party politics, but rather to politics in the broadest sense of the term.

[Question] What are the central elements of your policy?

[Answer] The basic one, the one that really explains our strength, is giving top priority to defending the right to life. We put that above the right to be a person, and those two rights above the rights of workers.

[Question] Isn't that too abstract and complicated?

[Answer] It is simple and crystal clear. During these years we have come to understand that above all the right to a secure life must be regained; and then that it is necessary for each individual to feel that he is a person, with his hands clean and his head held high, and with his rights and responsibilities. Only recently have we found it possible to press for the right to a decent job and a fair wage, in accordance with the labor contribution made by the individual. All that, which is very clear to us, is encompassed in our conviction that we must return to a system of respect, democracy and participation, a system in which man is viewed as a person and not an object.

[Question] Doesn't that openly exceed the limits of the workers' legitimate concerns in the context of their relations with management?

[Answer] This is not the first time I have been asked why we are taking a political stance against the military regime and ignoring the problems of the workers. That is a false dilemma. If one believes that this system has jeopardized all rights, then one understands that the way to obtain the most minimal victories where workers are concerned (that is, to win a decent job, a just wage, a fair social security system, a reasonable work week, etc.) entails defending other values, such as life and individual liberty. These elements are even more important than work.

[Question] What guarantee is there that your rank and file members subscribe to or even understand this position?

[Answer] I have no doubt that the rank and file are acutely aware that their higher organization is fighting for higher values today. Their support should be regarded as a strong indication that they also advocate giving priority to the defense of these values and rights. I want to make this clear: As a confederation today we are no longer fighting to win narrow issues; that objective has been relegated primarily to the unions. We are concerned about the general problem that has been plaguing Chile since 11 September 1973.

[Question] Does that mean that the confederation's efforts are now oriented toward a political front?

[Answer] Exactly.

#### Internal Reshuffling

[Question] What does the new make-up of the Board of Directors mean, with the retreat of the Christian Democrats (DC) offset by the enhanced participation of the communists?

[Answer] The Christian Democrats still hold a clear majority in the CTC, and in the copper industry in general. The seven-to-four ratio with the communists, and the presence of two pro-government members, a socialist and an independent, also correspond to the trend that is taking place in the country.

[Question] In what way, exactly?

[Answer] To the extent that this situation is not exclusive to the confederation. In the recent student elections, that of the professors and those in the other professional organizations, approximately 60 percent of the vote was cast for the DC. The people from the Popular Democratic Movement (MDP) invariably come in second, then come the socialists, and finally the pro-government candidates.

[Question] Except that now it is on your own turf that the forces have been reshuffled. How will you resolve the tension between cooperation, which is what you advocate, and confrontation, which is promoted by the communists?

[Answer] There is confrontation, there is cooperation, there is the National Agreement, there is dialogue, there is mobilization. . . In this country there are a lot of things and names. What we have least of all is an understanding among all forces to follow the same line. The fact that some may want confrontation and others cooperation is certainly a political problem for an opposition that so far has been unable to reconcile the two stances to form a single position, defined by active and peaceful mobilization. That is precisely the formula we have adopted in the confederation: We have launched a mobilization and we have been battered and persecuted. But we have never opted for a show-down or a confrontation, even though we encompass Christian Democrats, communists, socialists and pro-government forces. We have always acted by consensus.

[Question] Your reelection was automatically associated by public opinion with the idea of an indefinite national strike in 1986. How much of this perception is truth, and how much is myth?

[Answer] The confederation's agreement is no myth. I would like to make it very clear that we are proposing an indefinite national strike, to be called as soon as the social and political sectors of this country are in a position to undertake such an effort in unity.

[Questioin] What role do you expect the CTC to play in all this?

[Answer] The role we have been playing all along: serving as protagonists in the process, the timing of which will be determined by the Chilean people at the appropriate moment.

[Question] Are we there yet?

[Answer] From now on the confederation will speed up its own pace, because we have decided that 1986 is very important. We believe, in fact, that not only must we redouble our efforts to work together to find the solutions the country needs; we must triple and even quadruple those efforts.

[Question] The CTC already underwent a rather harsh experience in 1983. More than 700 people were fired at that time, and you yourself were expelled from

CODELCO. As a result, your very leadership was questioned. Is it wise to push the issue?

[Answer] What happened in 1983 is etched very, very sharply in the memories of the workers and the union leaders. But that is history now. Just because we remember it does not mean we are going to let them continue to humiliate and abuse us. The workers can never stop fighting for their rights and for victory. That is always true, but it is especially true now when all other alternatives have been closed off, and the only thing we have won is insecurity.

[Question] And how do you think you can recover?

[Answer] As workers, we believe that the military should heed the call of the Church, because otherwise this country will fall into a huge spiral of violence.

8926

CSO: 3348/393

## CHILE

### TRADE BALANCE FIGURES SHOW 14.9 PERCENT DROP IN IMPORTS

Santiago EL MERCURIO in Spanish 21 Jan 86 p B2

[Text] Chile's trade deficit with the other Latin American countries fell sharply in 1985, because of both the decline in imports from the countries of the region and the increase in exports to those nations.

Available figures reveal that between January and September of 1985 Chilean sales to that area totaled US \$409.2 million, a 7.4 percent jump over the figure for the same period of 1984. Imports, on the other hand, totaled \$580.5 million during the same period, 14.9 percent less than in the previous year.

The trade deficit with the countries of Latin America in the first 9 months of 1985 fell to \$171.3 million, which is substantially lower than the \$300.8 million deficit registered for the same period of 1984.

As can be seen in the chart printed here, in the last few years the trade deficit with Latin America was growing larger, rising to \$352.7 million between 1983 and 1984. This situation can be explained largely by the fall in copper prices, the restrictive policies that had to be applied in most countries of the region to deal with the swollen foreign debt, and the economic expansion Chile experienced in that year.

It should be noted that Chile's trade balance with the nations of the region has traditionally been unfavorable to our country, primarily due to the fact that it makes almost all of its fuel purchases from Latin American countries.

#### Trade by Country

An analysis of the figures on foreign trade with Latin America for the January-September periods of 1984 and 1985 reveals that in 1984 Chile had a favorable balance of trade with only 3 of its 11 main trading partners in the region: Colombia, Bolivia and Panama. In 1985, this number rose to 6, with the addition of Mexico, Peru and Uruguay.

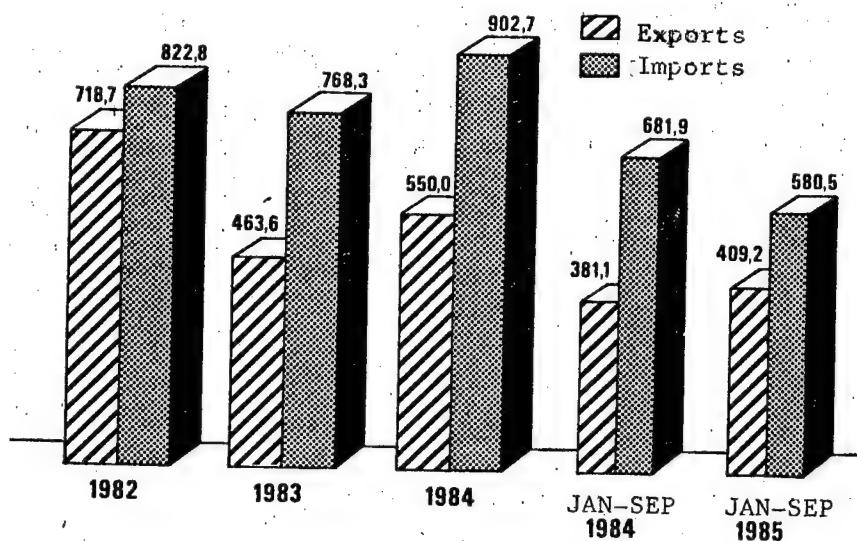
Chile's largest trading partner in the region is Brazil, to which it exported \$164.7 million worth of products in the period in question in 1985, and from which it imported \$180.4 million worth. These statistics reveal increases in

sales and decreases in purchases by Chile, which helped bring down our trade deficit from \$70.4 million to \$15.7 million during this period.

As for Argentina, the statistics show that the downward trend in trade that has been seen in recent years is still going on. Chilean imports from that country fell from \$130.6 million to \$75.3 million between the first 9 months of 1984 and the same period of 1985. Similarly, exports to Argentina declined from \$87.2 million to \$57.9 million during the same time.

In addition to the aforementioned countries, Chile has a balance of trade deficit with Venezuela (\$170.4 million), Ecuador (\$19.9 million) and Paraguay (\$14.9 million).

Trade with Latin America  
(millions of dollars)



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COLOMBIA

GOVERNMENT PRESENTS PLAN FOR ALLOCATION OF COFFEE PROFITS

Bogota EI. ESPECTADOR in Spanish 24 Jan 86 pp 1-A, 11-A

[Text] The windfall coffee revenues that are loaned to the government will be used to make payments on the foreign debt, to replace part of the loans that have been contracted--in particular the colossal loan of US \$1 billion--and part of the bond issuance that is financing that portion of the banking sector which is having liquidity problems, and to issue savings certificates for coffee growers, which will be included in the domestic price of the bean.

These mechanisms are contained in the bill that the government submitted to the House of Representatives last night. The purpose of the legislation is to manage the windfall revenues generated by the higher coffee prices on the foreign market.

The strategies are designed to prevent more than US \$1 billion from being converted into pesos this year, because that would produce an expansion of the money supply, and therefore an increase in inflation.

The surplus income from the bonanza could entail the printing of more than 220 billion pesos, 35 percent of the money supply, revealed the government. Traditional monetary instruments such as the reserve requirement and open market transactions are not enough to neutralize the conversion to pesos of such a high amount, and could have serious consequences for banks' activity, the government said.

The initiative replaces a series of economic emergency measures that the government had planned to take, and that it had to abandon when the Council of State ruled against using Article 122 of the Constitution to deal with situations of prosperity.

The government plans to use the dollars from this windfall to replace part of the colossal loan for US \$1 billion that was extended by a group of international banks. The first disbursement of that loan will be finalized in the next few days. The government will take the same step with regard to the foreign debt bonds authorized by the budget financing law of last year.

Government officials explained that the windfall profits cannot be left abroad, but must be brought into the country to be capitalized in the public

and private sectors, giving due consideration to controlling inflation and maintaining a balanced exchange rate. In no way can the funds be used to open up new imports.

The bill includes an authorization to subject all contracts signed by the government to manage the windfall resources to the norms that govern private contracts, and not those of the Administrative Contracting Statute, Decree 222 of 1983. If that authorization is included in the final legislation, the contracts will require only the approval of the finance minister, and will be subject only to the subsequent control of the Comptroller's Office. The government included the same procedure in the decrees it issued under the previous economic emergency.

According to the initiative, any financial instrument that requires the loan recipients to pay any kind of consideration that implies an increase in the effective interest rate authorized by the government, which was reduced by 3 points, will be punishable with fines of up to 2 million pesos.

The measure prohibiting financial intermediaries from demanding a minimum average balance in savings accounts, collateral, guarantees, commissions, deposits of part of the loan, advance payment of interest or administrative costs, is designed to enforce the interest rates set by the government.

When officials determine that during the 6 months before and the year after the delivery of a loan the client had to increase his deposits by more than 10 percent, they will penalize the financial institution. The same thing will happen when the loan recipient obtains an interest rate for his deposits that is lower than the market rate.

The penalties, contained in Articles 22 and 23 of Decree 2920 of 1982, consist of successive fines ranging from 500,000 to 2 million pesos for the institution and up to 1 million pesos for the official who authorized the infraction.

The infraction will also cause the financial institution to lose all interest on the loans in question, and it will have to return the excessive interest payments it collected.

#### Credit Lines for the Government

Coffee growers will lend the government nearly 200 billion pesos, which will be used to pay the foreign debt, capitalize enterprises and support public service entities.

The bill authorizes the government to contract up to 90 billion pesos in internal medium- and long-term debt with the Federation of Coffee Growers to replace the foreign loans it would have scheduled for this year.

In addition to financial yields, the debentures will contain terms for compensating the evaluation, and if the federation needs the funds before the debentures mature to make purchases for the coffee harvest, the nation must return them.

The government will also have a line of credit with the federation for up to 70 billion pesos to capitalize enterprises and to pay off foreign loans in advance or to replace foreign loans.

It will also receive up to 35 billion pesos in credit to support public service enterprises, whose foreign debt totals nearly US \$3.4 billion. This year's payments amount to \$600 million.

The funds will be allocated by the nation in the form of credits to the public service enterprises that have foreign debts, or debts to the Foreign Currency Fund or the Bank of the Republic. The government will control the operating costs, the recovery of the portfolio and the enforcement of the rate policy in these enterprises.

Part of the 70-billion-peso credit line will replace loans from the Bank of the Republic and the Guarantee Fund to financial institutions with liquidity problems. Among them are the four nationalized entities of the Grupo Grancolombiano: Banco de Colombia, Granfinanciera, Pronta and Comercial Grancolombiana.

#### Deposits in Dollars

The government is opening the way for the formation of time deposits in foreign currency in the country's banks. These accounts will be interest-bearing.

The bill calls for a tax incentive for those who purchase stock issued this year by the enterprises capitalized with these resources; the shares will not be included in the stockholder's taxable assets until 31 December 1991.

Another prerogative offered by the government, this time to the financial institutions, is to request exchange permits to purchase foreign exchange for the purpose of shoring up their own foreign currency positions that were eroded in exchange transactions authorized by the government.

To qualify for this benefit, the institution must first pay a surcharge of 15 percent. The institution's own position may be used in foreign exchange transactions.

#### Budgetary Mechanisms

The bill allows the government to add to its budget with the windfall coffee profits beyond the 25 percent ceiling established in the Organic Budget Statute, provided that the Council of State approves.

It may also add the extra funds derived from the value-added tax on coffee exports--some 12 billion pesos--before the month of May.

8926  
CSO: 3348/398

COLOMBIA

MINES MINISTER SAYS OIL PRICE DECLINE NOT TO AFFECT ECONOMY

Bogota EL TIEMPO in Spanish 24 Jan 86 p 6-B

[Text] The Colombian Government gave assurances yesterday that the drop in oil prices will not harm the Colombian economy, and that there is no cause for concern. The world market, meanwhile, was shaken once again by a warning from Saudi Arabian Petroleum Minister Ahmed Zaqui Hamani that if producing countries do not cooperate with each other soon, crude prices could fall below \$15 a barrel in a short time.

Colombian Minister of Mines and Energy Ivan Duque Escobar contended yesterday that "there is no cause for concern about falling prices, because in the first place, our exports are minimal at this time. In the second place, we are still making domestic purchases from the international companies that are drilling oil in Colombia, on terms that were set forth in a resolution which sets the price in accordance with those being charged at ports in the Western Hemisphere and in North Africa."

Duque Escobar warned, however, that we must wait at least 10 days to find out how international prices are behaving and to obtain serious and truthful statements from OPEC and non-OPEC countries, so that we can determine exactly how much crude is flowing into the international market at this time.

Colombian crude production had risen by 28,438 barrels by the end of 1985, since an average of 197,404 barrels per day was drilled in December. The average for the first months of the year was 168,966 barrels per day.

Of the total produced, the Colombian Petroleum Enterprise (ECOPETROL) accounts for approximately 110,000 barrels per day, and the rest is purchased from international companies.

8926  
CSO: 3348/398

COLOMBIA

CERREJON NORTH EXPORTS FIRST MILLION TONS OF COAL IN 1985

Bogota EL SIGLO in Spanish 14 Jan 86 p 9

[Text] One million tons of coal was exported from the Northern Zone of Cerrejon in 1985 under the advance sales plan, announced the state enterprise Colombian Coal, Inc. (CARBOCOL).

In a report on its activities in 1985, the enterprise noted that the international market had been opened up to Colombian coal, and that major contracts had been obtained during the year to sell this mineral. It also expressed confidence that new contracts would be negotiated and signed.

The year that just ended was called the year of "advance exports," because those exports had been scheduled for early 1986. A total of 1,562,000 tons was exported in 1985, of which 1,021,000 corresponded to coal from Cerrejon North; the remaining 541,000 tons came from the deposit in the Central Zone.

At the same time, negotiations were concluded for a total of 10.4 million tons, in pacts that range from test shipments to 10-year contracts. Among these, three are particularly noteworthy: the contract to supply 3.0 million tons to Atic-France at a rate of 1.0 million tons per year; the contract for 5.7 million tons with IVO-Finland, at a rate of 600,000 tons per year; and the sale of a test shipment to Virginia Electric in the United States. It should be noted that CARBOCOL is a finalist with seven other firms in the bidding to supply coal to Jacksonville Electric in the United States. More than 500 bidders submitted offers.

CARBOCOL so far has sold a total of 27.2 million tons to customers in different countries, including Finland, France, Sweden, Italy, the United States, Spain, Holland, England, Germany, Israel, Norway, Northern Ireland, Puerto Rico, Panama, and Japan.

For the purpose of reinforcing the international sales network, a commercial agency contract was signed with the Krupp Handel company to cover Germany, Austria and Switzerland; the Phillip Brothers firm was named commercial agent for the Gulf of Mexico in the United States; and the naming of agents for Greece, Turkey, Egypt, Israel, Italy, Holland, Belgium and Japan is now under study.

## Financial Area

The contracting of international loans concentrated on the negotiations with the international banks, aimed at obtaining \$1 billion in credit. These efforts culminated in the signing of the respective contract on 17 December in New York City. CARBOCOL will receive a total of \$423 million from that loan beginning in the first quarter of 1986.

In October a short-term loan for \$65 million was obtained from a group of international banks made up of the Chemical Bank, Bankers Trust, Banco Ganadero (Miami branch) and Manufacturers Hanover Trust. In addition, the latter extended a short-term loan for \$30 million; that contract was signed on 27 December. The disbursements are expected to take place in early January.

Loans were negotiated with international banks for the purpose of prefinancing exports; offers of up to \$50 million were received from the Berliner Handels-Und Frankfurter and Manufacturers Hanover Trust.

Moreover, a line of credit for up to \$55 million was obtained during the year by CARBOCOL's foreign partner INTERCOR. This amount will be paid for with funding from the international bank loan.

With regard to the domestic market, national banks approved and disbursed 2.31 billion pesos in loans.

It is also important to note the efforts of CARBOCOL shareholders, who provided the equivalent of \$139 million in capital for the enterprise in 1985.

It is worth mentioning that \$198 million was paid out during the year from international loans that had been taken out in previous years with export credit agencies.

## Technical Area: Cerrejon North

In 1985 the Northern Zone of Cerrejon produced a total of 2,603,000 tons of coal; 24,784,000 cubic meters of sterile material was removed. The operating expenses of the CARBOCOL-INTERCOR partnership amounted to \$515 million, of which 50 percent, or \$257.5 million, corresponded to CARBOCOL.

The number of employees involved in the project's construction and operation is as follows: with INTERCOR, 3,264 employees, of whom 3,078 are Colombian; and with Morrison Knudsen, 3604 employees, of whom 3,318 are Colombian. The workers associated with subcontractors total 3,098. A total of 9,966 people are now working on the project.

## Current and Future Benefits for La Guajira

Because the socio-economic development of La Guajira is the function and responsibility of the Colombian state, the social benefit programs designed by the CARBOCOL-INTERCOR partnership seek to complement state action and contribute to government programs.

Health, education, and culture programs have been implemented in the indigenous communities, purchases have been transferred to La Guajira, housing has been provided for workers in the complex, and other aid and/or contributions have been given.

#### Health

Beginning in 1985, a 5-year plan calls for improving physical installations and hospital facilities in La Guajira. At the same time, support will continue for other health programs through the Integral Health Plan of the coal complex. Assistance will be coordinated with the corresponding official agencies.

#### Education and Culture

A House of Culture is being built in Barrancas; laboratory equipment and teaching materials are being provided; and financial aid for study is available to improve the level of education in La Guajira.

#### Indigenous Communities

The partnership has designed a pilot plan for comprehensive aid to the indigenous communities of Alta Guajira, aimed at preserving their culture and helping those who work on the construction of the complex to return to their traditional activities. The plan covers the areas of health, bilingual intercultural education, fishing technology, the breeding of goats and the improvement of those breeds, the marketing of handicrafts, and the improvement and diversification of agricultural production. This plan will be developed through coordination with government agencies and will be put into practice by these and other official, semiofficial and private entities.

#### Transfer of Purchases to La Guajira

The partnership has agreed to promote the transfer to La Guajira of all purchases of goods and services for the Cerrejon North complex, provided that these goods and services are available in the region now or in the future. They include food and supplies for the camps, office equipment, protective devices, contracts for transportation, security and maintenance, mining tools, and railroad and port maintenance supplies.

#### Housing

At present studies are being conducted to determine what kind of housing and infrastructure must be built to attract and retain the skilled personnel required by the complex, and the economic feasibility of installing them.

The CARBOCOL-INTERCOR partnership, considering the results of previous studies of various alternatives for integrating the workers' housing into the region, decided that the development of a residential corridor near the mine would meet this objective while promoting progress in the region. Thus, studies are now underway to determine the feasibility and cost of moving existing dwellings from the construction camps to the planned residential corridor.

## Other Aid and Contributions

The partnership will continue to contribute to cultural, recreational, civic and social service events in the different municipalities of the department, provided that such events truly benefit the population.

### Central Zone

The CARBOCOL board of directors, after a detailed analysis of the situation in the Central Zone, informed the Colombian-Spanish consortium Domi-Prodeco Auxini of its decision to terminate the service contract.

In August 1985 CARBOCOL invited Colombian engineering firms to participate in bidding for the mining of 500,000 tons of coal over a period of 1 year; the contract is now being adjudicated.

At the same time, the specifications are ready for opening up bidding to foreign firms for the mining of up to 5 million tons per year.

### Coal Mining Development Program

Within the coal mining development program, the following activities were carried out:

#### Mine Salvaging

A pact was signed with the Polish Government to design and implement a system for salvaging mines.

Operations began in the mine salvaging stations located in five of the country's coal mining regions: Amaga (Antioquia), Ubate (Cundinamarca), Sogamoso (Boyaca), Jamundi (Valle) and Zulia (North Santander). Nationally-produced and imported equipment valued at 160 million pesos was purchased to outfit these stations.

#### Financial Subprogram

For the purpose of providing financial support to miners, CARBOCOL signed an agreement with the National Guarantee Fund to grant Coal Guarantee Certificates, aimed at backing the credit provided by financial intermediaries to natural or moral persons in the private sector. Every time the National Guarantee Fund issues some Coal Guarantee Certificates, CARBOCOL agrees to put up a certain sum of money as a deposit in the National Guarantee Fund.

#### Juridical Subprogram

In order to expedite the solution of miners' legal problems, CARBOCOL contracted for a study designed to systematize the legal information that is available on current licenses, concessions and permits.

## Present Projects

### 1. Department of Cordoba

Work continued on the investment feasibility study for the area of Alto San Jorge, in the department of Cordoba, for the mining of 10 million tons, requiring an investment of 430 million pesos. Approximately 5 billion tons per year of coal reserves have been identified.

In 1986 the second phase of the study will continue in a selected area. This phase consists of the drilling and evaluation of the deposit to determine the quality and quantity of the coal.

### Department of El Cesar

CARBOCOL signed a pact with Agip Carbone of Italy to carry out investment feasibility and feasibility studies in the area of La Loma-El Descanso, department of El Cesar, for the purpose of developing a coal mining project that will produce 10 million tons a year.

### Domestic Coal Consumption: Tibirita

The investment feasibility study was concluded in the area of Villapinzon (Cundinamarca), where exploitable reserves of 30 million tons were discovered; this production will be used to supply a possible thermal energy plant located in the area of the project.

### Western Coal

Studies were completed for the development of a mining project in the Inguito-Tambo region, department of El Cauca. The cost of this project is estimated at 300 million pesos, for a production of up to 120,000 tons a year. It is hoped that this production will help make up for the coal shortage in the Cauca Valley.

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CSO: 3348/398

## COLOMBIA

### FOREIGN INVESTMENT DOWN 50 PERCENT IN 1985

Bogota EL TIEMPO in Spanish 20 Jan 86 pp 1-B, 7-B

[Text] For the first time in 7 years, the foreign investment approved by the National Planning Department in 1985 fell below \$100 million.

According to information supplied by that institution, investment approved in 1985 amounted to just \$86,452,000, compared to \$162,171,000 approved in 1984. This represents a decline of nearly 50 percent, and brings approved investment down to the lowest level since 1978, when only \$66 million in investment was allowed.

This decrease comes, paradoxically, after a great effort by the government to seek the participation of international capital in the financing of the country's development projects, in keeping with the phrase coined by President Belisario Betancur: "It is better to have partners than creditors."

Officials have explained, however, that the drop in recorded investment is attributable to the prevailing uncertainty among international investors with regard to the economic future of Latin America and the result of the adjustment programs that are being implemented in the region.

In Colombia in particular, the accelerated process of fiscal and external adjustments that took place in 1985, a key element of which was the devaluation of the peso by more than 50 percent, prompted investors to cut back on their applications until the economic picture cleared up and the results of the policy could be seen.

Some analysts also feel that the complex political situation that prevailed in this country in 1985, as manifested most clearly in M-19's takeover of the Palace of Justice last November, is another reason investors shied away from Colombia.

Of the \$86 million approved in 1985 by the National Planning Department, 60 percent corresponded to U.S. investors. The second-highest country is Sweden, with 8.7 percent of approved investments; and third place is held by Canada, with 5.4 percent.

Here is the National Planning Department's list of approved investments in 1985, by country of origin:

Foreign Investment Approved in 1985  
By Country of Origin

Country of Origin	Total Amount in US\$	Percent
Italy	\$ 150,000	0.17
Germany	4,411,490	5.10
Germany/Brazil	1,420	0.00
Germany/Peru	501,000	0.58
Argentina	1,249,375	1.45
Belgium	25,000	0.03
Belgium/Switzerland	304,624	0.35
Bermudas	775,750	0.90
Brazil	250,000	0.29
Canada	4,686,537	5.42
Ecuador	1,113,217	1.29
Spain	805,640	0.93
United States	52,055,146	60.21
United States/England	428,750	0.50
France	402,167	0.47
Holland	1,038,136	1.20
England	76,592	0.09
Cayman Islands	968,063	1.12
Italy	9,204	0.01
Japan	471,301	0.55
Panama	4,630,240	5.36
Panama/France	183,290	0.21
Peru	8,300	0.01
Dominican Republic	615,000	0.71
Sweden	7,600,168	8.79
Switzerland	1,504,144	1.74
Switzerland/Germany	12,000	0.01
Switzerland/United States	21,070	0.02
Uruguay	260,000	0.30
Venezuela	1,737,202	2.01
Yugoslavia	157,260	0.18

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CSO: 3348/398

GRENADA

BRIEFS

REACTION TO UNION DEMANDS--St Georges, 7 Feb (CANA)--Grenada's public utilities minister, Dr Keith Mitchell, has described as "unrealistic" demands by three trade unions representing government employees for a 3 percent hike in salaries for last year. The Public Workers Union (PWU), the Grenada Union of Teachers (GUT), and the Technical and Allied Workers Union (TAWU) are at loggerheads with the government on negotiations for a new three-year industrial contract for 3,000 public sector workers. Mitchell told CANA that there is no need for such an increase at this time because inflation is low, the budget situation is tight, and unemployment is already high. He said the Grenada Government had an obligation to the entire country, and not a particular category of workers, and that a high pay increase for civil servants would send the wrong message to those countries providing budgetary aid to the 13-month old administration. [Text] [Bridgetown CANA in English 1634 GMT 7 Feb 86 FL] /9274

BRITONS IN MINISTRY--St Georges, 6 Feb (CANA)--Two Britons, Andrew Lindsay and Patrick Cooper, have arrived in Grenada to take up positions in the Ministry of Agriculture, it was officially announced. The British High Commission Office here said one of the men would be assigned to the ministry's forestry division and the other to a sawmill project. While the Britons are in Grenada it is expected that two local foresters will attend a one-year forestry course in Britain, the statement said. [Text] [Bridgetown CANA in English 2156 GMT 6 Feb 86 FL] /9274

CSO: 3298/327

GUATEMALA

BATTLE BREWING OVER VICE PRESIDENT'S ROLE

Vice President Assumes Duties

Guatemala PRENSA LIBRE in Spanish 8 Jan 86 p 4

[Text] "Since he coordinates the cabinet ministries, the vice president of the republic is like a prime minister; he sees to it that there is teamwork in government and that measures work," Congressman Roberto Carpio Nicolle, the alternate president of the National Constitutional Assembly and vice president-elect of the republic, said yesterday in his office.

"The powers of the vice president of the republic are set forth in Subparagraphs F and G of the constitution that will take effect on the 14th of this month. Subparagraph F provides that the vice president will preside over the Executive Branch advisory bodies that are established by law, and Subparagraph G that he will coordinate the work of the cabinet ministries.

"I expect to have excellent relations with the members of the cabinet, so that the general policies of President Vinicio Cerezo are carried out as rapidly as possible without any overlapping.

"The vice president's offices will be in the National Palace, so that I can be close to the president and the cabinet ministers.

"So then, I am, in fact, prime minister."

Carpio's Role Upheld

Guatemala City PRENSA LIBRE in Spanish 9 Jan 86 p 10

[Editorial: "The Presence of a Prime Minister and a Superminister Is Inconceivable"]

[Text] The statements by Congressman Roberto Carpio Nicolle, who will soon take over as vice president of the republic, to the effect that he will serve as a prime minister and, therefore, coordinate the activities of all the other ministries, seem to bring to a close the debate about the planned Development Ministry.

The constitution accords the vice president the following powers: to coordinate the activities of the cabinet ministers; and to work together with the president of the republic in pursuing general government policy, for which is he jointly responsible.

The vice president must also work with the president in formulating foreign policy and managing foreign relations, as well as fulfill diplomatic or other missions abroad. He will be a voting member of the Council of Ministers, chairing it in the president's absence, and will preside over the Executive Branch's advisory bodies. Among his other duties is to replace the president in certain cases.

As we can see, Carpio Nicolle already has the status of a prime minister or a superminister by constitutional mandate, as he has stated, and it would be totally counterproductive to place another official with similar powers beside or above him. The post of a coordinating minister is the specific province of the vice president, an office whose controversial nature has been demonstrated on several occasions in our country.

Thus, if the problem of the Development Ministry has now been resolved, the Christian Democrats will be in a better position, because it seems inappropriate for them to transfer one or several of their best people from the Congress of the Republic. Weakening their congressional bloc seemed somehow to make no sense, even if the representatives are empowered to hold other posts.

Aside from this, the ruling party was giving the impression that it did not have enough personnel available to fill its cabinet. In this regard, the party has had a surprisingly hard time appointing an education minister. This is a minor issue, however, because the president could ultimately choose from among the many humanists who have expressed an interest in taking up the always controversial duties of that ministry. Meanwhile, a potential problem is taking shape over the teachers' desire for higher pay.

Getting back to the main topic of this editorial, we feel that the battle within the DC must not become a battle between officials, because the people would be the only losers. The government's efforts must be harmonious, united and constructive. For this reason, the vice president has done well to clarify the situation, even if the battle is thus shifted to the election of the president of the Congress.

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CSO: 3248/194

GUATEMALA

QUINONEZ OPPOSES DIRECT TALKS WITH BELIZE

Guatemala City PRENSA LIBRE in Spanish 16 Jan 86 p 56

[Text] "Officially we cannot sit down and talk with Belize to settle the conflict, because the dispute is with Great Britain," the country's new foreign minister, Mario Quinonez Amezquita, stated yesterday in explaining his stand on the longstanding problem.

He made the statement in his office at the National Palace shortly after being sworn in as foreign minister by the secretary general of the presidency of the republic.

He indicated that although the nation's chief executive, Mr Cerezo Arevalo, makes foreign policy, he feels that under international law "Guatemala should not sit down at the same table with Belize to discuss the age-old conflict, because we would thus be tacitly recognizing it as an independent State."

"We must continue to negotiate with England and seek solutions that will enable our country to retain its honor. Any decision, nevertheless, must be put to a referendum of the people, who must have the last word in the matter."

With regard to the problem of the Guatemalan refugees who have been in Mexico for several years, Foreign Minister Quinonez stated that "the talks with our neighbor will continue in an effort to bring our fellow countrymen back."

He also mentioned the peace efforts of the Contadora Group, indicating that "last night a historic meeting was held here by the Contadora Group, the Support Group and the Central American foreign ministers," during which they agreed to back the declaration of Caraballeda, Venezuela.

"Realizing that talks are needed to secure a lasting peace, the governments of the area issued a declaration called the 'Declaration of Guatemala,' in which they express their support for Contadora," he underscored.

During yesterday's meeting at the military airport of the Guatemalan Air Force, the political leaders in attendance, including the presidents of Nicaragua and El Salvador and Central American foreign ministers, as well as representatives of the Contadora Group and the Support Group, also agreed to continue the regional dialogue through Contadora.

"We are seeking a negotiated settlement through dialogue," the Guatemalan foreign minister said. Minister Quinonez also indicated that the governments attending the meeting and in particular the governments of the region agreed to support President's Cerezo's call for a Central American parliament.

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CSO: 3248/175

GUATEMALA

RIGHT WING GROUPS UNDER GOVERNMENT SCRUTINY

Investigation Ordered

Guatemala City PRENSA LIBRE in Spanish 9 Jan 86 p 2

[Text] The government has announced that it has begun investigations to apprehend members of the self-described ESA [Secret Anticommunist Army], which early this week leveled death threats at several individuals, including the mayor-elect of Escuintla, Mr Marco Tulio Collado Pardo.

Interior Minister Carlos Guzman Estrada said that the ill-famed underground group was active from 1978 to 1982 and claimed responsibility for the deaths of several persons.

The minister stated that the government may provide protection for the threatened individuals if they so request.

Collado Pardo recently returned to the country after 2 years in exile. He was elected mayor, with Christian Democratic backing, at the recent elections and will be inaugurated on the 14th of this month.

Harsh Policy Announced

Guatemala City PRENSA LIBRE in Spanish 7 Jan 86 p 4

[Excerpt] Vinicio Cerezo Arevalo, the president-elect of Guatemala, stated yesterday that harsh action would be taken against secret organizations such as the ESA.

Cerezo, who will take office on the 14th of this month, was interviewed after his talks yesterday with the leaders of the country's cooperatives.

Cerezo said that his administration would take vigorous action against any secret group, such as the ESA, that tries to thwart the democratic process in Guatemala.

He reported that just moments before, the leaders of the Guatemalan cooperative movement had asked him to insure the safety of their members under

his administration, inasmuch as they have been threatened, kidnapped and murdered under previous governments.

"I told them that my administration would protect and, above all, respect the right to life of Guatemalans and of anyone living in our country," Cerezo added.

He indicated that the involvement of all Guatemalans is needed to carry out this task and others, adding that the right to personal safety will be accorded to all organized groups and to all individuals, as one of the changes sought in the near term in Guatemala.

#### Corruption Under Investigation

With regard to a request submitted to him by the Confederation of Union Unity of Guatemala, asking that all officials engaging in corruption and violations of human rights be brought to trial, Cerezo Arevalo announced that legal action would be taken.

He indicated that he had not yet seen the document from the union group, adding, however, that when it reaches him as president, he would pass it on to the Public Ministry and the Supreme Court.

"We will establish a genuine rule of law, under which we will take up the cases that are presented to us, thus fulfilling one of my administration's goals," the future president indicated.

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CSO: 3248/199

GUATEMALA

CEREZO FACES FIRST CRISIS AS HOMELESS OCCUPY LAND

Target BANVI

Guatemala City PRENSA LIBRE in Spanish 17 Jan 86 p 8

[Text] "We do not have a magic wand to solve your problem and we recommend that you stop squatting on this land," Demetrio Moliviati told a group of squatters in Zone 12 yesterday. Moliviati is the organizational secretary of the Christian Democratic Party.

The squatters expressed annoyance, indicating to the members of the domestic and international press corps that they would not budge until the government gives them a place to build their homes.

"Vinicio has taken power, and we have taken land," said thousands of men, women and children yesterday as they marked off the land that they had been assigned by a group of individuals who have taken charge of the squatters movement.

Some marked off their plot of land with rope, some with lime; others burned the grass to get a better spot, and still others stood on line to pay their one quetzal for the right to a small piece of land.

It was reported that Demetrio Moliviati, the DC organizational secretary, had arrived and told them that the government did not have a magic wand to solve their problem and that it would be best for them not to keep on taking over land.

The squatters paid no attention because they hope that the current government will take care of their housing problem and they are prepared to stay there until a solution is forthcoming.

Government Lacks Funds

Guatemala City PRENSA LIBRE in Spanish 17 Jan 86 p 17

[Text] "The government needs about 100 million in all to take care of the squatters, because almost 5,000 families have moved into unsuitable areas

belonging to the National Reconstruction Program," Dr Alfredo Trinidad, a member of the National Housing Commission, said yesterday.

Dr Trinidad was called in yesterday by President Cerezo for consultation on the squatter problem and possible ways of meeting the housing demand among the poor in outlying areas of the city.

He said that yesterday morning he toured the squatter areas and estimated that about 5,000 families have moved onto lands belonging to the National Reconstruction Program (acquired by the Reconstruction Committee) in the areas known as Villalobos, Carolingia, El Granizo and El Amparo.

"The fact is," Dr Trinidad said, "that money is the answer, and estimates are that at least 70 to 100 million quetzales are needed to provide these families with housing."

He indicated that there is a shortfall of 630,000 housing units in the capital (1985) and that about 60,000 families a year arrive in the metropolitan area in search of a better life.

"The best way to take care of this sort of problem would be to decentralize production and promote rural areas more," Dr Trinidad said in conclusion.

8743  
CSO: 3248/194

OPINIONS DIFFER ON STATE OF EXPORT PICTURE

Reached \$975 Million in 1985

Guatemala City PRENSA LIBRE in Spanish 7 Jan 86 p 12

[Text] "Guatemala took in US \$975.1 million in foreign exchange in 1985, higher than the \$922.5 million earned in 1984," stated Economy Minister Daniel Arriola Galindo yesterday.

The official explained that although the estimated goal was not achieved, revenues have improved in comparison with other years. He mentioned the case of coffee, which yielded the highest income in 5 years in 1985.

According to the statistics, the coffee sector earned \$464.6 million for Guatemala; cotton brought in \$45.3 million; banana, \$63.6 million; meat, \$8.0 million; and sugar, \$63.7 million.

He indicated that some products experienced significant declines in exports. For example, cardamom generated more than \$62 million in foreign exchange in 1984, but fell to \$40.4 million last year.

Banana and cotton exports also declined, perhaps because of the fall in prices on the international market.

According to Minister Arriola Galindo, Guatemala earned \$52.5 million more in foreign exchange in 1985 than in 1984. Coffee alone was responsible for \$116.0 million of the increase [as published], while sugar accounted for \$753,000.

As for petroleum, we can say that exports also dropped, because the construction of the hydroelectric plant at Chixoy required the use of much of the fuel that is obtained from the Guatemalan subsoil.

With regard to total revenues, the official stated that foreign exchange earnings topped the 1984 figure by 5.7 percent.

Income Down

Guatemala City PRENSA LIBRE in Spanish 6 Jan 86 p 2

[Text] Guatemala suffered a considerable decline in its commercial exports to the other countries of the region; in 1985 exports totaled 191 million Central American pesos, which is markedly different from the 1983 figure. In that year exports totaled 320 million Central American pesos, according to estimates presented by the vice-minister of economic integration.

Nonetheless, our country still has a favorable balance with every country on the isthmus. The surplus (the difference in the balance) for 1985 is estimated at 102 million Central American pesos. We also recovered considerably with respect to Costa Rica; after a deficit of more than 9.3 million pesos last year, we attained a favorable balance in 1985 with an estimated surplus of 15 million pesos.

The nation's vice-minister of integration, Cesar Alcides Soto Rodas, stated that although final data are not yet available on the last quarter of last year, statistical methods can be used to estimate the corresponding figures and make a preliminary evaluation.

"We must recognize that once again, our country has obtained a favorable balance of trade with the other four countries that now belong to the Central American Common Market (MERCOMUN). Although it should be noted that the total balance has remained the same in absolute terms, nonetheless a country-by-country analysis reveals that our trade has increased only with the republic of Costa Rica.

"This is reflected in the fact that during the period in question, our balance of trade went from a deficit of about 29 million pesos to a surplus estimated at approximately 15 million pesos in 1985.

"Our relations with El Salvador can be considered stable within the context of the crisis that has occurred in these relations, with reference to the balance. Export variables, however, have declined considerably.

"With regard to Honduras and Nicaragua, the balance of trade has definitely remained negative, in both absolute and relative terms. In addition, the situation has further deteriorated with the republic of Nicaragua, with total trade falling from 63 million pesos in 1983 to 22 million in 1985, and with the results of the so-called barter transactions.

"All these conditions reveal the critical stage that the economic integration process underwent in 1985. At any rate, our trade relations with Central America continued to yield a surplus in 1985.

"In overall terms (bearing in mind that the figures for the months from September to December are approximate), our trade had the following results: Exports were valued at 191,977,000 Central American pesos, while imports totaled 89,181,000 pesos, yielding a surplus of 102,796,000 pesos."

Comparing this figure with the totals obtained in 1983 and 1984, to verify the drastic decline in this trade, we see that 1983 exports totaled 320,922,000 pesos and imports came to 225,070,000 pesos that year; the difference was close to 95,852,000 pesos.

For 1984, exports amounted to 291,437,000 pesos and imports were 187,697,000 pesos, for a surplus of 103,977,000 pesos. Thus, the 1985 figures show a considerable decline. We must also note the sharp drop in trade with Costa Rica that came about when relations were restricted by the closing of the border for 6 months of last year.

#### Outlook 'Optimistic'

Guatemala City PRENSA LIBRE in Spanish 3 Jan 86 p 10

[Editorial]

[Text] Vice-Minister of the Economy Alcides Soto Rodas yesterday presented to journalists an almost tragic report on the performance of the national economy during the year that just ended.

In his opinion, the Central American Common Market, one of our primary sources of business, has fallen apart. Almost nothing is left of it, except for the empty speeches delivered by its officials, and the countless projects designed to breathe life into that cadaverous integration plan.

The vice-minister's report is totally insufficient. It is limited to just a few aspects of the abortive integration process, and overlooks the causes that lie at the heart of the problem. He should not be reproached for that; he is a technician, and his evaluation should be based, as it was, on the presentation of statistics. Actually, no one can get excited over these numbers.

Regardless of that depressing report and the facts outlined in it, for which the governments of Central America are almost entirely to blame, the outlook is fairly good for Guatemala. The economy will undergo some improvement. It will be enough just to prevent the continued decline that has characterized recent years.

Two new circumstances must be taken into consideration. Domestically, the operation of the Chixoy Hydroelectric Plant (if indeed it operates well) will enable the country to save \$82 million a year, which would theoretically come off of its oil bill.

The other hopeful element is the new treatment Guatemala is expected to receive in terms of financing. It appears that the boycott that had been launched against the outgoing military governments will now come to an end.

Chixoy is one of those projects about which one cannot speak well without a twinge of conscience. Some have called that and other hydroelectric projects the greatest monuments to administrative corruption; and the only consolation

for the people of Guatemala is that the project can pay for itself, and some day the many millions that were poured into it may be recovered.

Only one vital ingredient remains for the recovery process to become viable. The nation must return to the tranquility that was lost in a war that has not ended up yielding any benefit at all to the population.

The integration process, and in particular the Central American Common Market that is of such great concern to some officials, are not by any stretch of the imagination the most important elements in the economic recovery. Without ignoring that front, Guatemala should aim its efforts in other directions. The international picture will certainly improve, and the country will be able to attempt activities that until now have been off limits to it because of the tarnished image our country has had almost everywhere in the world.

8926

CSO: 3248/200

LABOR LEADERS PROTEST PRICE HIKES, SHORTAGES

Guatemala City PRENSA LIBRE in Spanish 23 Dec 85 p 16

[Text] The unions that belong to the CUSG [Confederation of Union Unity] have complained to the Economy Ministry that in spite of price control laws, basic foodstuffs are running short as if "by magic, and prices are up far too much."

Questioned by newsmen, Economy Minister Daniel Arriola Galindo said that his "ministry is indeed exercising tight control to prevent price gouging on the foods that make up the basic family shopping basket."

Nevertheless, he emphasized, at times food items do run short and prices do rise in some isolated areas, but not throughout the capital.

He stated that a great many inspectors are fanning out around the country to put a halt to greedy price-gouging. The situation has, however, prompted reaction from the Chamber of Commerce, precisely because the laws are being enforced.

"Price controls are a necessity," he contended, "and the policy will be continued until the last day of Gen Mejia Victores' military government."

The Chamber of Commerce, which is run by Jonas Vasquez, has protested the fines that have been imposed on more than 6,000 small businesses.

"These fines are unjustified," Mr Vasquez said, "because the merchants are being forced to sell at below cost."

The Chamber of Commerce has repeatedly appealed to its affiliates to visit the chamber's headquarters, where they will be given advice on how to avoid paying the fines, which from any standpoint "are arbitrary and unjustifiable," Mr Vasquez said recently.

Minister Arriola said that in the event that the fines are not paid, "legal action" would ensue, which would require the involvement of the Public Ministry.

The Chamber of Commerce has submitted a petition to the chief of state calling for the revocation of the fines imposed on small businessmen and the repeal of the Consumer Protection Law, which it describes as unrealistic.

GUATEMALA

BRIEFS

TEACHERS, CEREZO MEET--The arbitrary actions taken against teachers by the current education authorities will be reconsidered on the basis of the laws governing their professional association, according to an agreement reached by the members of the National Teachers' Council. This decision was made at a recent meeting with President-elect Vinicio Cerezo, reported members of the teachers' association afterwards. As a result of the dialogue, which was also attended by the future ministers of education, labor and finance, it was concluded that the teachers' demands are fair and should be resolved favorably and immediately. It was also agreed that the teachers of the nation should be represented only by the departmental delegates to the National Teachers' Council, and that any other entity claiming to represent the profession should be considered illegal and illegitimate. [Text] [Guatemala City PRENSA LIBRE in Spanish 13 Jan 86 p 24] 8926

FIVE DEVELOPMENT AGENCIES CENTRALIZED--Five institutions will become part of the Ministry of Urban and Rural Development, Minister Rene de Leon Schlotter reported yesterday. He will take office today, as he must first obtain permission from the Congress of the Republic because he is a legislator. The five are: the National Institute of Cooperatives, the National Enterprise for the Economic Promotion and Development of El Peten, the General Directorate of Community Development, the Committee of National Reconstruction and the Municipal Development Institute. He also reported that for the time being his office would be located in the Municipal Development Institute building. [Text] [Guatemala City PRENSA LIBRE in Spanish 16 Jan 86 p 13] 8743

ESA THREATENS TRUCK OWNERS--A document bearing the name of the Secret Anticommunist Army (ESA) has been circulating in Escuintla; it threatens the people who promoted a work stoppage by bus drivers in the city under the pretext that fares were going to be hiked. The ESA message says that anyone stirring up social unrest is a communist, mentioning six residents of Escuintla who are involved in political activities and threatening to punish them severely. [Text] [Guatemala City PRENSA LIBRE in Spanish 7 Jan 86 p 6] 8743

CSO: 3248/199

HOYTE APPOINTMENTS MAY INDICATE PNC POWER STRUGGLE

FL121545 Bridgetown CANA in English 1402 GMT 12 Feb 86

[Text] Georgetown, 12 Feb (CANA)--Recent cabinet appointments and re-allocation of responsibilities by Guyana President Desmond Hoyte have provoked speculation here among his opponents of an emerging power struggle within the ruling People's National Congress (PNC).

In what is viewed by some political observers as a downgrading in the PNC's political directorate of Prime Minister Hamilton Green and Mrs Viola Burnham, widow of the late Forbes Burnham and one of three vice-presidents, President Hoyte has chosen the party's reputed Marxist ideologue, Ranji Chandisingh, as the new deputy leader of the PNC, and Attorney General Dr Mohamed Shahabuddeen as first deputy prime minister and a vice-president.

Within days of the death from heart failure last 6 August of Burnham, the PNC's founder-leader and Guyana's first executive president, both Hoyte and Green moved quickly to dispel local and regional press reports of a leadership dispute between them.

But two months after last December's controversial general election at which the PNC was returned to power with 42 of the 53 parliamentary seats, reports have surfaced again of conflicts within the ruling party, this time following up on the sudden announcement last month by Dr Ptolemy Reid that he had re-tired from the long-held post of deputy leader.

"Power Struggle Grips PNC," declared the headline last weekend in the MIRROR newspaper of the opposition People's Progressive Party (PPP). But President Hoyte has steered clear of such speculations.

Last month, when he addressed the PNC's first general council for this year, he warned against meetings of the general council becoming the occasion for personal attacks.

Urging instead the need for bold new initiatives and flexibility to move Guyana forward to an era of dynamism and prosperity, President Hoyte made a brief reference to Dr Reid's decision to step down as deputy leader. He said Reid had first indicated his intention of so doing before the death of Burnham.

According to Hoyte, the aging Reid had decided to remain as deputy leader until after the December election. Although he had relinquished his party posts, Dr Reid has not retired from politics, said Hoyte, and would be an adviser to the president.

Sources close to the party's decision-makers, however, say Dr Reid's decision to retire so soon after the December election was linked to policy differences, including a new emphasis on privatisation of Guyana's largely state-owned economy, in trouble now for more than a decade.

Reid, Green and Viola Burnham were regarded as three of the most influential figures of the PNC under Forbes Burnham's leadership. Consequently, when both Mrs Burnham, who heads the Women's Revolutionary Socialist Movement (WRSM), and Green were ignored for the post of deputy leader, President Hoyte's opponents speculated that his strategy was to miniaturize these two leading comrades of the party.

While both Mrs Burnham and Dr Reid are known to be opposed to any significant shift away from Burnham's leftist policies, the intentions of Green are not too clear, according to some PNC activists.

"Miniaturizing" was the word to gain political currency here, especially after President Hoyte announced, almost one month after the December poll, his new cabinet and the responsibilities of the president, prime minister and vice presidents and deputy prime ministers.

Hoyte, in addition to having overall responsibility as head of government and head of state, is directly responsible for cabinet matters, defence, national security, national service, public corporations, regional development, Amer-indian affairs, conduct of elections, including national registration, the vital sugar and bauxite industries, gold and diamond mining, foreign aid, and cooperatives, water supply, water resources, prisons, fire protection, and the issuing of marriage licenses and the registration of births and deaths.

In contrast, Prime Minister Green, one of the few top comrades of the PNC with a known popular base within the party over the years of Burnham's leadership and an elected general secretary for almost 12 years, has been assigned responsibilities for ministries and departments dealing with matters such as roadworks and construction, government buildings, mechanical equipment, communications and national emergencies, post office, electricity, airways, transport services. Green is also responsible for supervising the ministries of communications, manpower, housing, health, public service and information.

For the first time since the PNC came to power in 1964, there is no minister of home affairs in the cabinet, always seen as an important ministry, responsible for, among other matters, police, as well as the conduct of national local government elections. The previous holder of this portfolio, Jeffrey Thomas, has been dropped from the 11-member cabinet that's headed by the president.

Also not in the new cabinet, but still one of seven senior ministers, is Health Minister Richard Van West Charles, a son-in-law of the late President Burnham. The full ministerial group is 21-strong.

Some political observers contend that the changes in the PNC directorate were at one stage at least partially considered to be in keeping with reports that Hoyte may be maneuvering within the party's central committee to de-emphasize the socialist content of the policies inherited from Burnham's rule.

But the appointment as deputy leader of the ruling party of Chandisingh, an avowed Marxist, who became general secretary of the PNC following his defection from Dr Cheddi Jagan's pro-Moscow PPP, is viewed as inconsistent with this reported move away from socialist-oriented development.

Some trade union and business executives feel the choice of Chandisingh, instead of Green as deputy leader, and of Shahabuddeen as first deputy prime minister, instead of Mrs Burnham, may be all part of either Hoyte's own nervousness about potential challengers from within, or skillful maneuverings by the president in order to appease external forces.

Hoyte is known to be more disposed to freeing up the economy, some 80 percent of which is state-owned, although, as he said on the death of Burnham that the PNC's founder-leader was a master-builder who left a legacy of solid and enduring achievements.

Last month he told the PNC's Central Committee that the government will have to take some bold initiatives and adopt a policy which recognises no sacred cows.

Critics of the PNC administration expect Hoyte to steer a more rightist course even while maintaining socialist rhetoric and posturing.

Following his recent meeting on the Island of Mustique with six eastern Caribbean leaders on the Guyana political situation, Hoyte impressed them that he would pursue a more flexible economic policy.

St Lucia's Prime Minister John Compton, in his own public comments after the Mustique meeting, reflected this when he told the press that under Hoyte there is less ideology and more pragmatism in the Guyana Government.

For the opposition PPP's newspaper, the MIRROR, however, the question of less ideology involves what the paper described in a recent issue as the purging of elements who were close to Burnham.

The indications are, said the MIRROR, that a lot of Burnham proteges have got the boot or the axe. In some instances, they have been booted and axed. Such claims have so far been ignored by President Hoyte.

/9274  
CSO: 3298/328

## PERSONNEL DEVELOPMENTS PROVIDE GLIMPSE INSIDE PNP

Kingston THE DAILY GLEANER in English 29 Jan 86 p 3

[Text]

Dr. D.K. Duncan, former General Secretary of the People's National Party (PNP) has been censured by the Party.

This action was taken after an interview Dr. Duncan gave to the *Gleaner* in which he criticised the strategies of the party and its leader, Mr. Michael Manley.

At the same time another former PNP Member of Parliament, and Junior Minister, Mr. Francis Tulloch has resigned effective immediately as Constituency Caretaker because he was not sure whether the party's stated position was the same as that which it is taking.

The censure of Dr. Duncan, Minister of Mobilisation in the former PNP administration, came following the Sunday night meeting by the National Executive Council of the PNP to take action on recommendations of the Internal Affairs Committee (IAC) of the party.

The IAC had met several times with Dr. Duncan and raised several points arising from the interview with him.

Information to the *Gleaner* was that the censure was a little more severe than what would amount to a reprimand but Dr. Duncan would remain as a member of the NEC, the highest decision making body of the party outside of the annual Conference.

Dr. Duncan last night told the *Gleaner* that he accepted the "majority decision of the NEC of censure for not using the party fora."

Dr. Duncan said he explained the overriding reasons for not using the internal Party structures. "In agreeing

to give the interview my main concern was and still is I was an integral part of the leadership that sold the PNP to the country as a party capable of bringing about fundamental change or transformation — a change that continues to be badly needed in Jamaica."

In the interview published on May 5, 1985, Dr. Duncan, described himself as a Revolutionary Democrat and said that the PNP had returned to being a party of reform, the make-up of its leadership making it "virtually impossible to carry through any transformation."

Following the publication of the interview, Dr. Duncan was summoned to a meeting of the IAC which handles Party discipline. The IAC had decided on the action to be taken and made representations to the Executive about what action it should take on the Duncan affair. The NEC after receiving recommendations from the executive decided on the action of censure at the meeting attended by Dr. Duncan on Sunday.

A release from the party said, "The NEC concluded that Dr. D.K. Duncan was in breach of discipline by failing to use the party's structures and platforms that were readily available to him to express critical views about the party and its leadership.

"The NEC found as well that certain comments which Dr. D.K. Duncan made in relation to the leadership and in particular the President of the Party were completely unfounded and damaging to the image of the Party." The NEC said it reaffirmed its confidence in the quality of leadership that Mr. Manley

"had given and continues to give to the Party."

Mr. Tulloch in resigning as Constituency Representative of the Party said he had been "agonising whether or not I can with credibility tell a potential voter that the policy is what we say it is."

Mr. Tulloch in a letter to PNP General Secretary, Dr. Paul Robertson, said "From my analysis and examination I have decided that there are too many areas of doubt and uncertainty to do this (assure party voters of the policy) credibly so I could not therefore continue to be the representative for the People's National Party, West Central St. James. This is effective immediately." Mr. Tulloch said however that he would remain a member of the PNP.

In his long letter, Mr. Tulloch quotes extensively from the **Gleaner** interview with Dr. Duncan stating that at the time the interview was published he viewed it as "a serious breach of party discipline" and the collective responsibility Dr. Duncan owed to the Party. He was of the opinion then that disciplinary action should be taken against Dr. Duncan. But, Mr. Tulloch said, he subsequently came to the view that the interview was "a blessing in disguise" in that the credibility of the Party and its leadership had been

brought into public disrepute and it would at least force the Party to resolve the issues raised by (Dr. D.K.) Duncan."

Mr. Tulloch said he had been seeking, since June 1984, clarification from the party on certain aspects of its Political Education Programme, and a point made that there were two views in the party one being "a dominant or 'reformist' view the other being a minority or 'transformist' view."

The interview confirmed that there were in fact two views in the Party, one a reformist or Social Democratic view and the other a Transformist or Revolutionary Democratic view," Mr. Tulloch said.

The differences remained unresolved and were no longer a problem of internal disagreement, that could be resolved within the party, Mr. Tulloch said. The Party must now decide what was its relationship with the transformist elements. The transformists had already set the stage where if the party lost the next General Election they would be in a position to state that they had given a warning to the Party that people were seeking "genuine alternatives". On the other hand if the Party won the Elections, the transformists would apply pressure to the leadership to change its direction saying that the PNP between 1978 and 1980 was the same now being pursued by the JLP.

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CSO: 3298/329

## SUPPLEMENTARY GOVERNMENT SPENDING ESTIMATES REVIEWED

Kingston THE DAILY GLEANER in English 29 Jan 86 p 3

[Text]

THE FIRST SUPPLEMENTARY Estimates for 1985/86 were tabled in the House of Representative yesterday.

The main feature of the Estimates is the transfer of approximately \$66 million from the Ministry of Finance and Planning for disbursement to various other Ministries and Departments. This will provide for improved salaries and emoluments.

The Estimates showed savings from transferral of items totalling \$71.3 million, mainly involving the \$66 million for salaries and fringe benefits for Government workers. Also under-expenditure of approximately \$23.2 million, mainly due to lay-offs and reduction of services in various Ministries.

Of special note was the fact that there was no capital expenditure listed in the Estimates. There was a slight reduction in the Recurrent Expenditures of approximately \$350,000, reducing the expenditures from \$3,283,896,000 to \$3,283,544.5.

According to Deputy Financial Secretary, Mrs. Jean Marshalleck, the Estimates dealt primarily with the redistribution of salaries, as well as certain other necessary additions.

The Standing Finance Committee of the House will commence meeting on the Estimates at ten this morning at Gordon House. If necessary, they will continue meeting tomorrow and the debate will commence next Tuesday.

Gross Supplementary estimates listed include a statutory figure of \$3,532,000 plus \$90,645,000 to be

voted creating a total of \$94,177,800. Deductions total \$94,529,300 including transferred items of \$71,301,000 and under-expenditure of \$23,228,300. This leaves a net reduction of minus \$351,500.

Major area of savings and appropriations-in-aid were in the following Ministries; Finance and Planning, Education, Youth and Community Development, Agriculture, Public Utilities and Transport, Local Government.

The \$66 million was transferred from the Ministry of Finance and Planning to the various Ministries and Departments, out of a total allocation of \$115 million for improvements in salaries and fringe benefits for public sector workers. This was, by far, the major change from the original budget. Most of the remaining \$49 million is expected to cover the increases offered to teachers, nurses and the police.

The Estimates show that in the Government sector the salaries, allowances, mileage and subsistence rates had been revised with effect from July 1, 1985 while upkeep allowances had been revised with effect from January 1, 1985.

In the Ministry of Finance and Planning, itself, however, approximately \$1.1 million was added to the budget to pay for salaries and allowances for persons concerned with assessment and collection of Customs Duties at the main ports of entry, as well as an additional \$799,000 for personal emoluments, travel expenses and subsistence for officers involved with collection of

internal revenue and income tax at outstations. These are in line with the new tax measures being introduced by the Government.

In the Ministry of Education, approximately \$1.1 million was added to the original estimates of \$63.5 million to cover increased salaries and allowances in the high schools, as well as figures of \$315,000 for technical high schools and \$687,000 for secondary schools, but these are not expected to cover the salaries of teachers.

The Ministry of Youth and Community Development showed under-expenditure of \$5,667,000, mainly due to vast reductions in its services. Hardest hit were: the Community Development Services (grants to the Social Development Commission or SDC) which topped \$1.6 million; the allocation for youth centres, which was reduced from \$1.4 million to \$591,000, due to rationalization of services; and, the Institute of Sports (INSPORT), which lost \$669,000 due to rationalization of services. The rationalization of services included lay-off of several hundred workers and commensurate reduction in services.

The Ministry of Agriculture had its budget cut by \$5.1 million with the areas mainly hit being as follows: the management and supervision of agricultural credit cut by \$1.3 million; grants to international and local organizations reduced \$1.2 million; reduction of the production and extension services of the Ministry's rural development programme by approximately \$2.5 million.

GOVERNMENT TO INCREASE ITS ROLE IN BAUXITE SALES

FL081744 Bridgetown CANA in English 1205 GMT 8 Feb 86

[Text] Kingston, 8 Feb (CANA)--The Jamaica Government will be responsible this year for marketing about 40 percent of the country's bauxite production, a government industry official said.

In 1985 the government was responsible for the sale of just over 30 percent of the 6.05 million tonnes of bauxite produced. Bauxite production this year is expected to stay at the 1985 level.

Government's growth in the industry this year will be because of increase in production expected from the state-operated Clarendon Alumina Products (CAP), an 800,000-tonne refinery owned by ALCOA, according to the head of the economic division of the Jamaica Bauxite Institute (JBI), Wesley Hughes.

ALCOA shut the plant early last year, citing the soft world market, but the government decided to take over.

The mining minister has ordered CAP to run the plant, whose day-to-day operations are managed by ALCOA, at full capacity.

The government also has a contract to sell a million tonnes of bauxite to the Soviet Union and also sells alumina to Venezuela.

Apart from being responsible for CAP's output, the government has a share of the production of Kaiser, in which the state took a 51 percent share.

The government has the bauxite trading company (BATCO), which markets government's bauxite and alumina, as well as being the holding company for its investment in the industry, Jamaica Bauxite Mines (JBM). The JBI monitors the industry and helps to develop and implement government policy.

Hughes said that last year Jamaica had net earnings from the industry of between U.S. 150 and 170 million dollars. Earnings, like production, are expected to be steady in 1985. This compares with net earnings of U.S. 234 million dollars in 1984.

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CSO: 3298/329

BANKS COMMENT ON MOVE TO EASE LIQUIDITY SQUEEZE

Kingston THE DAILY GLEANER in English 6 Feb 86 p 1

[Text]

Government has moved to ease up on the liquidity squeeze being experienced by the commercial banks. Bankers say all that it will do is avoid the banks lending rates going up in February.

In a letter dated January 31, 1986 from the Bank of Jamaica (BOJ) the commercial banks were instructed that as of February 1, 1986 the Reserve Requirement held by the banks as liquid assets is to be reduced by 4 percentage points from 48 percent to 44 percent. In addition, the quantity of "specified assets" which qualify as liquid assets will be reduced from 5 percent to 3 percent of their prescribed liabilities.

The commercial banks were also instructed that no interest will be paid in the future on any portion of current account balances held by the banks with the BOJ. Instead, the BOJ

will pay interest on up to a maximum of 3 percent of the 20 percent Cash Reserves of the banks at the BOJ. The BOJ also imposed a penalty rate of 10 percent on the discounting of Treasury Bills at the BOJ prior to maturity of these bills.

Commenting on the new moves in monetary policy a leading banker said "The Government takes with one hand and gives with the other. The 4 percent reduction means nothing — less than half a percentage point on lending rates. If they (Government) had any intention for interest rates to come down they would have taken the 4 percent off the Cash Reserve requirements." He further added that "as long as the Cash Reserve requirement is at 20 percent and the savings rate at 20 percent, the 4 percent reduction, means nothing."

Another leading banker said "We

are unhappy with the 10 percent penalty on Treasury Bills. It will destroy the flexibility of the instrument and take away the BOJ's function as lender of last resort. This will remove the transferability and the negotiability of the most important financial instrument in the system." Regarding interest rates coming down he said "all that these moves will accomplish is to avoid the necessity of interest rates going up one percent this month."

Another banker said the change in monetary policy will not cause interest rates to come down. He said "The whole thing is piecemeal with no continuity or coherence to policy moves." Regarding the Treasury Bills penalty he said that removing the BOJ as "buyer of last resort" will only force the commercial banks to "trade Treasury Bills inter-bank and make swaps among themselves."

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CSO: 3298/329

GLEANER: SEAGA TAX PLAN MAY BRING PUBLIC CYNICISM

Kingston THE DAILY GLEANER in English 31 Jan 86 p 8

[Editorial]

[Text]

The Government has tabled in the House of Representatives a Bill to amend the Income Tax Act to facilitate the first phase of reform of the system of Income Tax retroactive to January 1. Although late in coming, we expect that the Bill which represents the Government's proposals, after its study of the report of the Tax Reform (Successor) Committee, will be debated fully in Parliament before enactment. For there are well articulated concerns which the Government would be well advised to recognise.

The main proposals provide for an exemption of the first \$8,850 of personal income annually from income tax with the introduction of a new flat rate of 33½ cents in the dollar on all income above the exemption, excluding material allowance paid to teachers, meal allowances relating to work done outside normal time, and uniform and laundry allowances where uniform is a requirement. A withholding tax amounting to 33½ per cent on all interest income on savings is also proposed.

Departing from the recommendation of the Reform Committee the Government contemplates the imposition of a flat rate tax one-third of a

per cent above the rate proposed by the Committee. The exemption level proposed is \$1,420 lower than the \$10,000 recommended by the Committee.

In proposing an exemption of \$10,000 with a flat rate of 33 per cent the Committee had estimated a revenue loss ranging between \$185 million and \$240 million. In increasing the flat rate, while reducing the exemption level by 14.2 per cent, the Government has, in fact, rejected the Committee's assumptions which, presumably, must be based on calculations provided by the Revenue Board.

Presumably accepting the opinion of the Reform Committee that fears expressed about the negative effects of a tax on savings interest are exaggerated, the Bill proposes a withholding tax (tax at source) of 33½ per cent. To suggest that with appropriate modifications in marketing strategies institutions should have little difficulty in attracting savings is to underestimate the incentive value of fiscal measures to incremental savings. What is probably uppermost in the Government's mind is that in economies like Jamaica's there are few investment alternatives available to

householders who have tended towards holding monetary assets in the formal institutions.

It is true, as Mr. Seaga has stated, that savers who wished to avoid the withholding tax have the option of investing in agriculture or tourism, for example, where they would benefit from capital gain tax exemption. But what of the small, the ordinary, individual saving towards an essential target, or the pensioner? Is he to be penalised for avoiding risk?

The idea of the tax reform had the support of the general public largely because of the clear distortions of the system and the popular cry for a just and equitable tax administration. It was hoped that the reform measures would reduce the burden of taxation on middle and low income groups in particular who have experienced a steady decline in their living standards. With the removal of the tax credits and

the inclusion of perquisites into the tax base coupled with the tax on savings, taxpayers will begin to be cynical about the purpose of the whole exercise.

Moreover, the Government runs the risk of being seen as one which cares little about the human cost of the measures it implements. For example, while doing precious little to assist home ownership, the Government has nonetheless imposed additional taxes which reduce real incomes to the average worker to sheer subsistence level. According to the available cost of living statistics, housing cost, personal expenses and transportation are items which put the greatest pressure on the index and there seems to be no end in sight. Instead of the tax reform package being used to give hope the reverse now appears to be true. There must be time for a full debate of this very important amendment to the Income Tax Act.

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CSO: 3298/329

POLICE TEAR-GAS STUDENTS BACKING TEACHERS' STRIKE

Kingston THE DAILY GLEANER in English 6 Feb 86 pp 1, 3

[Excerpts]

**POLICE TEAR-GASSED STUDENTS** in Montego Bay, St. James, and students confronted police in Yallahs, St. Thomas, yesterday as protests by parents and students in support of teachers in their salary dispute with the Government spread across the country.

While there was some return to normality in Kingston many rural schools had no classes as students were kept home and many staged demonstrations.

The placard-bearing students were tear-gassed in Sam Sharpe Square when the group attempted to approach a policeman who was removing one of their colleagues from the street. One girl reportedly received the full blast of the gas in her face and had to be taken home immediately.

The demonstration, the first in Western Jamaica in support of the teachers' wage demand, was planned at a joint PTA meeting held on Tuesday at the Montego Bay High School. At that meeting, parents pledged their support of the teachers' demand and decided to withdraw their children from school until Monday, February 17.

Scheduled to last from 9 a.m. to 11 a.m., the demonstration went beyond the two-hour period as students were slow in coming out. However, by 10.30, traffic came to a virtual standstill as hundreds of placard-bearing students and parents converged in the square chanting "Teachers must get more pay; serious thing". Some placards read: "No money, no teacher, no teacher no

education system", while others called on the government to pay the teachers as "Education is where our future lies."

When contacted about the matter, a top ranking officer at the Montego Bay Police Station told the *Gleaner* that "everything went smoothly and calmly", and he was not aware of the tear-gassing. However, this reporter who was on the scene witnessed the tear-gassing of the students.

Meanwhile, reports coming in from schools in St. James revealed that teachers turned up for classes but few students were in attendance.

At Mount Alvernia High, attendance was almost 100% until around 10.15 a.m. when parents came to collect their children to either go home or to demonstrate. By 11 o'clock school was dismissed as the remaining students were becoming restive, teachers reported.

However, classes continued at Cornwall College until about 12 noon when they were dismissed.

In St. Thomas, heavily armed police with tear gas canisters in their waists marched on hundreds of students at Baptist, Yallahs, after the students had blocked the road, refused to clear it or disperse and taunted and jeered the police. A Police jeep was punctured and students shoved by a police officer during the incident in the constituency of Minister of the Public Service, Hon. Errol Anderson.

The situation, which was turning ugly with students standing their ground and refusing to obey police orders, was saved when M.P. for East St Thomas and Minister of Public Utilities and Transport, Hon. Perneal Charles, who was caught in the roadblock, asked the police not to use tear gas and told the children to calm down.

The protests began about 10 o'clock, shortly after the morning break when the students decided to show their support for the teachers' claim. They hauled old cars, pans, logs and rocks into the street, blocking it and refused to let any vehicular traffic through. Some stood on the barricades and others held posters aloft which called on Government to pay the teachers. "All of us would be illiterate today without teachers" one placard said and another, "Have you done anything for the teachers today? Do something for the teachers." The students said they had decided on the action that very morning and no parents or teachers joined in the protest initially.

About half an hour later Inspector Murray and a plainclothes policeman from the Yallahs Police Station, about 500 yards away, arrived in a speeding Land Rover, students scattered, but quickly regrouped.

The police asked the children to clear the road. They refused and the Inspector began moving the blockade. Another policeman, with pistol in his waist, coming from Kingston in an unmarked car was prevented from passing and began clearing the blockade. But as they cleared the students threw the rubble back into the street.

The officer appealed in vain for the children to move back and threw some of the rubble in the direction of the onlookers who scampered out of the way. Two or three youths in uniform were shoved by the police who warned some adults who had come on the scene that they could be arrested.

But the numbers swelled and the students began breaking bottles in the road after the police cleared a lane and traffic, speeding into the crowd, began to get through. The police then went to the jeep and turned away to the station for reinforcement.

By then air had been let out of one of the tyres of the jeep and two others had been punctured but they drove back to the station. The students then mounted a second roadblock in the direction of the station and broke more bottles in the street.

Meanwhile, Mr. Charles, on his way to attend to constituency matters in Morant Bay, had arrived with an armed bodyguard and they were told they would not get through. Mr. Charles told the students, other youths and parents who had joined them that they could carry on their protests but the road had to be cleared. He spoke with several of the students who told him their teachers

should be properly paid.

There being no other police vehicle available at the station, six police officers armed with submachine guns and M-16 rifles got a ride to within 100 yards of the demonstrating students and began marching towards the students who spread out, blocking their way.

Mr. Charles came forward, spoke to the police and asked for restraint. He and the police officers again appealed for the children to clear the road. They refused. The police then rolled the cars, stones and logs out of the road much to the amusement of the students.

But the students still refused to come out of the road for another 20 minutes or so by which time the Superintendent in charge of the St. Thomas Police arrived on the scene and the police kept a watch until the students dispersed after noon.

/9274

CSO: 3298/329

NPM APOLOGIZES FOR ATTACK ON PTA; CARL STONE COMMENTS

Stone on Political Violence

Kingston THE DAILY GLEANER in English 5 Feb 86 p 8

[Carl Stone column: "Politics and Crime"]

[Excerpts] The recent attempt to disrupt a PTA meeting where a case was being made in support of the teachers' cause was not just a political act.

Motor car tyres were slashed as part of a scenario of intimidatory vandalism. All sorts of political apologies have been tendered on behalf of the JLP and NPM leadership but to date I know of no action to criminally charge those who committed a criminal act.

What is even more significant is that a detachment of police was summoned to the scene. Although policemen armed with M16 rifles are being used to stop football matches, the police seem to be paralysed when it comes to locking up political thugs who vandalise property.

Pious talk about the JLP disciplining these NPM activists has been used as a clever smokescreen to disguise the fact that people who have committed a crime in pursuit of politics are being allowed to escape the arm of the law.

There is no mystery to what has to be done to control and reduce political violence. If the Police and Army had a free hand to deal with the political thugs and bring in the guns we would have more than 70% chance of cutting them down to size. That has yet to happen under any political regime since the mid-1960's.

To fight political criminality we have to first clean up our criminal justice system and its corrupt practices of bribing juries, and rendering corrupt judgments in favour of those who have political or economic power.

Thirdly, we need to eliminate from the security forces the active and corrosive minority of mercenaries in high and low places who use their public offices to sell favours to corrupt political machines and political leaders.

Bullyism lies at the root of political violence and is deeply entrenched in our culture because too many of us lack the courage to fight back. Too many cower before the political bullies who throw their weight around. The day

the ordinary citizens whose freedoms are threatened by political bullies begin to organize themselves and to fight back, the shorter will be life of this plague of political violence.

All we need for a start in these directions is a political leader with the guts of a Bustamante and the integrity of a Norman Manley and who understands that there is more to gain politically by cleaning up this mess than allowing it to keep growing to uncontrollable proportions.

#### NPM Apology

Kingston THE DAILY GLEANER in English 4 Feb 86 p 2

[Text]

The Nationalist Patriotic Movement, some of whose members invaded and disrupted a meeting of the Combined Parent Teachers Association on January 20, has apologised to the CPTA.

A release over the signature of the movement's General Secretary, Carel Bent, said that the action "stands condemned by the leadership of the JLP and the general membership of the NPM."

The Jamaica Teachers Association, some of whose members were at the meeting to explain the teachers' position to the parents, last week called for a public apology from the NPM.

According to the NPM's General Secretary, since the incident the NPM had been in touch with the President of the JTA, Mr. Victor Edwards, several times and had expressed the movement's "unreserved condemnation of this disgraceful act".

"A full investigation is presently on the way with the JLP's Standing Committee to be responsible for taking action. In light of this I wish to send a deep and sincere apology to the members of the Combined Parent Teachers' Association and to all members of the teaching fraternity. I assure teachers and parents that this conduct is in contravention of the principles of NPM and will not recur".

/9274

CSO: 3298/329

BRIEFS

GARMENT INDUSTRY PROBLEMS--The freezing of overdraft facilities to some garment manufacturers under the 807 programme has resulted in the laying off of 350 female employees. A meeting of the Apparel Products Group of the Jamaica Manufacturers Association (JMA) yesterday learnt that the Mutual Security Bank had frozen the overdraft facility provided to at least seven 807 garment manufacturers. The Bank, it is understood, had also instructed them to "bring down their payroll." The meeting also learnt that other banks had also informed other 807 garment manufacturers that their credit arrangements were to be reduced. The meeting was held by the group to outline to representatives of various financial institutions attending, how credit restrictions were affecting the industry. It was also revealed at the meeting that because of the credit squeeze another 8 to 10 factories each with 40 to 50 machines had their equipment idling since November last year, as they were afraid to finalise 807 contracts because of the uncertainty surrounding credit. "The garment industry is important; it employs some 13,000 people and there is talk among many of the women who have been laid off or who fear being laid off that they are going to march in the streets, as they can't feed their children," one speaker declared. [Excerpt] [Kingston THE DAILY GLEANER in English 5 Feb 86 pp 1, 3] /9274

MUNROE IN HAVANA--Kingston, 3 Feb (CANA)--Workers Party of Jamaica (WPJ) General Secretary Dr Trevor Munroe is in Havana to attend the third congress of the Cuban Communist Party opening tomorrow, the WPJ announced. Munroe left here Saturday. Political analysts here say his visit underlines a healing of a breach between the two Marxist parties that appeared in the wake of the 1983 political crisis in Grenada and the subsequent U.S.-led invasion of the island. Cuban President Fidel Castro was severely critical of the element of Grenada's People's Revolutionary Government that overthrew Prime Minister Maurice Bishop and declined their request for military assistance when the U.S. invasion was imminent. The WPJ had criticized Castro's action. [Text] [Bridgetown CANA in English 1742 GMT 3 Feb 86 FL] /9274

CSO: 3298/329

MEXICO

PAN APPEAL TO PRESIDENT DWELLS ON COMING CHIHUAHUA ELECTION

'Scarcity of Democracy' Asserted

Mexico City LA NACION in Spanish 1 Jan 86 pp 18-19

[Statement issued by National Action Party National Executive Committee]

[Text[ Mr President:

You have publicly defended the patriotism and nationalism of the Mexicans who live in our border states. Your stand thus directly contradicts those who slanderously contend that Mexicans along the northern border are separatists.

Nevertheless, Mr President, your defense of the patriotism and nationalism of the Mexicans who live along the border contrasts starkly with recent and current political events along that border and, in particular, in the state of Chihuahua. You and the entire country are aware that:

1. Governor Oscar Ornelas was removed only so that he could be replaced by someone who would more overtly prevent the establishment of a genuinely democratic system.
2. The alternate governor, the CTM [Confederation of Mexican Workers], the national leader of the teachers union, and official peasant farmer control organizations have threatened to take reprisals against the workers, teachers, parents and peasant farmers who in any way manifest their support for PAN [National Action Party] or vote for its candidates.
3. It is widely known that the mass media, and especially radio and television stations, are being pressured to support the ruling party in their commentaries.
4. Although the current election regulations are obviously poor, attempts are now being made in Chihuahua to make it even more difficult for parties to run, by virtue of reforms to the State Administrative Code. This is an unacceptable obstacle to the unfettered operation of political parties and makes a mockery of the democratic process that you have repeatedly pledged to respect and that the constitution enshrines.

5. The already inadequate list of voters is being tampered with to prevent many from casting their ballots. Thousands of persons have been stricken from the rolls, or their credentials have been withheld.

6. The state governor and the Congress placed only well-known PRI members on the State Electoral Commission, even though PAN legislators represent the majority of the citizens of Chihuahua in Congress.

You and your predecessors have maintained that you can do nothing about local politics because you would be interfering in the internal affairs of sovereign states. We not only accept, we defend the principle of the sovereignty of the states. But even if we assume that what has so often been impaired exists in full measure, it is obvious that you, as the head of the Federal Executive Branch, have not only the unquestionable political authority to force state governments to protect the constitution and all of the guarantees it provides for, but also the moral obligation to defend those whose rights are being trampled on.

We appeal to this authority, so that the aforementioned reforms are not implemented and so that the state's entire electoral system is revised to effectively guarantee that the vote of the people of Chihuahua will be honored.

A good leader, Mr President, is one who looks out for the welfare of all his people, not one who attends only to the interests of his party.

Mr President:

As Mexicans who are concerned about our homeland's welfare, as we assume that you are, we advance to you again our argument that to the extent that the political involvement of the people through political parties is thwarted and free elections hindered, elections in which citizens can vote for the candidates of their choice, to that same extent citizens will continue to be pushed to express themselves in nonpeaceful ways.

An obvious politicization of the citizenry is taking place in Chihuahua, and the people are ready to become involved in the elections. This is a promising and encouraging development, inasmuch as in our opinion, the moral renovation, the restoration of confidence and a national recovery will not be possible unless we encourage such involvement of the people through unrestricted suffrage that is respected in major local and national decision-making.

Official circles have said that the rebirth of democratic hopes in Chihuahua evinces a trend towards denationalization; they have even gone so far as to claim that it might break up the nation. We believe that you do not share this mistaken assessment, because otherwise, if carried to its logical conclusion, it would prompt you to cancel the elections and personally appoint all of the local officials who, in your judgment, would have to guarantee peace in the streets and the continuity of Mexico as a nation. This would turn our homeland into a country without political freedoms, even in theory.

As far as our party is concerned, as long as laws that enable the people to vote in elections are in effect, we will continue to call on them to do so, safe in the knowledge that we are on the right and patriotic track. Mexico must be rescued urgently from its crisis, one of whose main causes is the scarcity of democracy.

"For an Orderly and Generous Homeland"  
National Action Party, National Executive Committee

State Committee to Review Reforms

Mexico City EXCELSIOR in Spanish 7 Jan 86 pp 4-A, 16-A

[From "Political Fronts" Column, by Guillermo C. Zetina]

[Text] Pablo Emilio Madero in Chihuahua

In the wake of pressure to repeal electoral reforms in Chihuahua, Governor Saul Herrera Gonzalez has agreed to set up a committee of PRI and PAN members to review them, the coordinator of the PAN congressional bloc, Jesus Gonzalez Schmall, has announced. Meanwhile, in Ciudad Juarez, national leader Pablo Emilio Madero is chairing a meeting of leaders to plan an election defense campaign "to prevent fraud from spreading all over the state through the implementation of the electoral reforms."

In the meantime, Congressman Federico Ling Altamirano stated that his party "will not backtrack and will pursue its struggle to forestall the reforms, because then only God knows what will happen since it will change the course of the campaign."

8743  
CSO: 3248/184

MEXICO

IMPEDIMENTS TO SALE OF PARASTATE ENTERPRISES RECITED

Mexico City PROCESO in Spanish No 478, 30 Dec 85 pp 31-32

[Excerpt] The government is convinced that the sale of parastate enterprises, pursuant to its economic policy, is not moving along as rapidly as the authorities would like. At the beginning of this administration, the parastate industrial sector consisted of 409 entities, of which 12 were decentralized agencies, 13 trusteeships, 344 enterprises in which the state held a majority share, and 140 in which the state held a minority share.

Year after year, the government has openly expressed its desire to unburden itself of more and more public entities. Between 1983 and 1984, 31 entities were removed from this sector; 10 went to other sectors of the federal public administration, 8 were sold, 10 were liquidated, and 3 that existed only on the drawing board were cancelled.

In 1985 the great leap forward was to take place. On 6 February the dissolution of 236 entities (82 in the industrial sector) was announced. Not a month had gone by before the fate of 127 had already been decided: 55 were to be liquidated, dissolved or extinguished; 7 were to be transferred to state governments; and 65 were to be sold.

According to the initial plan, 44 enterprises in the industrial sector were to be sold, 31 of them with majority state ownership and 13 with minority shareholding by the state; 31 enterprises were to be liquidated, and 7 were to be transferred to state governments.

By administrative sector, of the dissolutions authorized as of 28 February, 80 correspond to the Energy, Mines, and Parastate Industry Secretariat (SEMIP), 17 to Tourism, 16 to Interior, 8 to Public Education, 5 to Finance, and 1 to Planning and Budget.

Although the government wanted to get rid of the parastate enterprises quickly, potential buyers have not been able to acquire those slated for sale. As of the end of August, for example, the sale of only 21 industrial, commercial and service enterprises had been "contracted with the national and foreign private sector," and these were officially considered "non-priority."

Since that time, the sales process has been difficult, even though the asking prices are low and the payment terms favorable. In addition, the financial position of these firms, according to the authorities themselves, is completely sound and shows promise of profitability.

According to the National Chamber of the Manufacturing Industry (CANACINTRA), the sale of parastate enterprises has been hampered by "administrative and bureaucratic obstacles that are restricting" the sales process.

Luis Miguel Pando Leyva, the director of CANACINTRA, explained this problem at an academic meeting on public enterprises held at UAM Azcapotzalco: Although the institutions in charge of selling these enterprises are supposedly following uniform guidelines, it has been found that ignorance prevails in many of these institutions. No one knows for sure how to proceed with the sales transaction, and no one appears to have the authority to make the decisions warranted by the case.

"We learned," he added, "that some banks entrusted (with such sales) provide every facility to the potential client so that he will have adequate access to the most important information available on the enterprises that are for sale; nevertheless, some impose unnecessary requirements that hinder and delay the transactions."

"One of the most common and most discouraging obstacles put before potential buyers," commented Pando Leyva, "is the fact that some banks refuse to give information to the industrial chambers, particularly CANACINTRA, when they ask for data on the enterprises that are for sale so that the parties involved can study carefully the transaction they are contemplating."

The banks claim they refuse to provide that information because sales transactions cannot be negotiated through intermediaries. That, said Pando, "reveals a lack of knowledge of and adherence to the general guidelines set forth by the Undersecretariat of Banking. These guidelines indicate that the industrial chambers are promoters of the process of selling parastate enterprises."

In addition, the vagueness of other criteria and terms of sale not only hinders the purchase but causes the authorities to contradict themselves and to work at cross purposes. For example, on the one hand the sale must be contingent on the potential buyer's payment capacity and on his experience in handling products similar to those manufactured by the enterprise he wants to buy. On the other hand, however, the sale can only be made if it will not contribute to the consolidation or formation of monopolies.

Pando said: "In view of these two conditions, there is a risk of contradiction. If they want experience in the management of companies, particularly large ones, it is certain that the strongest consortia are those that will have the greatest advantages, but at the same time that could result in these consortia's obtaining a larger share of the market for the products they make."

The consequence: small and medium industry is shut out, and the sales process becomes impenetrable and inaccessible.

GOVERNMENT PERSONNEL SHIFTS LAID TO PARTY POLITICS

Report on Reshuffle

Plymouth THE MONTSERRAT REPORTER in English 11 Oct 85 p 3

[Text]

A shake-up of top civil servants, rumoured for some weeks, has now been confirmed.

Mr. Jim Bass, Permanent Secretary, Agriculture, Trade, Land & Housing will switch places with Mr. Majella Cassell, Permanent Secretary, Education, Health and Community Services as of Monday. Bass was informed of the news by Governor Arthur Watson, yesterday. The transfer was at the request of chief Minister John Osborne.

Establishment officials could not be reached but the Reporter has been reliably informed that the reshuffle has to do with the distribution of Government lands and the allocation of

assistance for low income housing.

Government recently embarked on a low income housing project and the number of applicants far exceeds the availability of funds. Many observers remark that government has no rational criteria for the allocation and sale of Crown lands nor do they have a fair system administering the low income housing scheme.

It is known that politicians here resist attempts by civil servants to handle these matters in a fair and objective manner. There have been allegations that both the housing project and the sale of Crown lands are being used as payoffs for PLM party supporters.

Blow to Fair Play

Plymouth THE MONTserrat REPORTER in English 18 Oct 85 p 4

[Editorial]

[Text]

**Kenneth Allen made a number of very useful points about the shaping of our society in his address to the country's first political convention. One of these points bears restating and reemphasising in light of government's recent removal of Jim Bass from the Ministry of Agriculture.**

**Says Allen: "We must endeavor to build a society which guarantees a fair measure of security and justice for all, where the resources at our disposal are used to the best advantage for the benefit of every citizen; where the weak are protected against the strong."**

**We are at a loss to see, after much careful examination, how this recent reshuffle between Jim Bass P.S. Agriculture and Magella Cassell, P.S. Education and Health, could be in the best interest of the country. We understand that the move comes at a time when Bass is just about to implement some important new programmes (at the Department of Agriculture), which are bound to suffer as a result of him being moved.**

**What is the reason for moving Mr. Jim Bass from the Ministry of Agriculture?**

**One confidential report says that Chief Minister John Osborne told Governor Arthur Watson it is because Bass and Nowell Tuitt, Minister of Agriculture, are not hitting it off well. But Mr. Tuitt emphatically denies this. He says there is no disagreement between himself and Mr. Bass and there never was. And he added, that if the Chief Minister has some other reason for moving Bass, he should say what it is.**

**What could this reason be?**

**In the absence of any sensible statement from Government to the contrary, we must conclude that it has to do with alledged threats to get even with Bass for insisting that Crown lands be sold in the time-honoured way of a 'first come first serve' basis, instead of being dished out to party supporters ahead of all else.**

**So we witness once again the erosion of decency and fair play in our society: a top level civil servant, who tries to see that justice is done, who upholds a system which guarantees that the powerless are not run over by the powerful, is punished. Citizens, whose names have long been on waiting lists to buy Government land, have been pushed aside in favour of PLM supporters, and doubtlessly, much more of this will occur.**

**As we watch our country being callously and thoughtlessly pushed out of shape by callous and thoughtless politicians, we wonder with growing uneasiness, just what it will take to create the society which Mr. Allen evisions. But in all of this, one thing is certain: PLM cannot build a better Montserrat. And as we painfully await the next election, we must resolve in our hearts once and for all, that in the interest of Montserrat, PLM must go!**

/9317  
CSO: 3298/325

**MONTSERRAT**

**NDP HOLDS ISLAND'S FIRST POLITICAL PARTY CONVENTION**

Plymouth **THE MONTSERRAT REPORTER** in English 11 Oct 85 NDP Convention  
Supplement pp i, viii

[Text]

The National Development Party made history last weekend by successfully organizing and mounting Montserrat's first ever political party convention.

Over 50 representatives and delegates from the island's seven constituencies met at the University Centre in Dagenham last week Saturday and Sunday to elect the party's first slate of officers, listen to a moving key-note address by Mr. Kenneth Allen, barrister-at-law and debate four papers.

In addition, all members of the party, which publicly announced its formation last December, were allowed to witness the proceedings from the gallery and the general public was invited to the official opening of the convention on Sunday afternoon.

Mr. Bertrand Osborne, a leading businessman with a

reputation for public spiritedness, was elected to the post of Party Leader. "I think that all of us are aware and are convinced that a new day has dawned in Montserrat," he said after being sworn into office on Sunday night. "I think," he continued, "that all of us are aware that something much better than what we are accustomed to in the political field has become necessary. I am sure that the way the National Development Party has worked, acted and demonstrated for the last two days is the answer to what Montserrat needs and will certainly give Montserrat a new beginning."

The other officers are: Mr. Kenneth Cassell, chairman; Mr. David Edgecombe, deputy chairman; Mr. Levons Watts, general secretary; Mr. Dave Fenton, treasurer; and Mr. Steve Adolphus, assistant general secretary.

All six men were members of the 11-man steering committee elected last year to establish the party according to its constitution and serve as an interim government until this was accomplished. The committee is now disbanded.

Mr. Kenneth Allen the featured speaker at the official opening ceremony spoke on the importance of democracy and examined the question of independence for Montserrat. Said he: "We must endeavour to build a society which guarantees a fair amount of security and justice for all, where the resources at our disposal are used to the best advantage for the benefit of every citizen; where the weak are protected against the strong. We have inherited a common legacy, that is to make our country great in this lifetime."

At the end of an inspiring speech, enriched by wit and good humour, Mr. Allen was given a standing ovation by the large gathering.

The four papers which were presented on the first day dealt with development issues, independence, the Montserrat Reporter and a request from the People's Democratic Party for accommodation. All four papers were debated on the second day prior to the election of officers.

Towards the end of the convention the NDP passed a motion to ask governor Arthur Watson for an explanation of his controversial circular warning civil servants not to go to the convention. The circular is believed to have kept many civil servants away from the history-making event.

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CSO: 3298/325

NDP LEADERS OSBORNE, CASSELL ADDRESS PUBLIC RALLY

Plymouth THE MONTserrat REPORTER in English 1 Nov 85 p 12

[Text]

A thunderous applause greeted Mr. B. Osborne as he approached the podium to speak at the National Development Party's public meeting at the War Memorial last Tuesday night.

Osborne, speaking for the first time in his newly elected role as Political Leader, was both forceful and assertive.

He spoke on Caricom and read excerpts from the report on the abolition of Income Tax prepared last year for Government by Caricom Tax Advisor, Carey Thompson; Government has kept the report secret for over a year.

He lambasted the PLM administration for its inept handling of the economy, lack of any apparent initiatives to attract worthwhile industries which would provide jobs for the hundreds of school leavers and other unemployed.

Osborne replied to several charges made against him on the PLM political

platforms and more specifically to C.M. John Osborne who on several occasions boasted that he told his colleagues "to leave Bertrand to me, me will handle e, because me no owe nobody."

K.A. Cassell NDP's chairman was as forthright as usual. He spoke on civil servants and their relationship to politics. He blasted the Governor, Mr. A.C. Watson, on what he said was a poorly thought out and ill-conceived circular. He cited the stupid and shameful actions of both C.M. and Mrs. Annie Dyer-Howe in the Legislative Council that same day.

To the utter astonishment of a very attentive crowd Cassell outlined that after the PLM Government moved the reading of the bill to ratify the Nassau accord and the imposition of the iniquitous 15% duty on goods from extra-regional sources that Osborne spoke against it, in support of the position of the Hon. Leader of the

Opposition. He wondered if the C.M. had control of all his mental faculties.

Cassell pointed out that by arguing against the Government's travel tax bill, Mrs. Dyer-Howe has created a constitutional dilemma. He explained that because of the principle of collective responsibility, the lady Minister while she was at liberty to argue against the bill at Executive she had no option but to agree to it in the Legislative Council. The fact that she spoke against it, meant she should have offered her resignation immediately. Failing that, the C.M. had a

right to demand her resignation.

Cassell in an impassioned plea called on the Governor to exercise powers given to him under the Constitution to ascertain whether C.M. Osborne commands the respect and confidence of the majority of the elected members.

If he does not, then he should invite Mr. Osborne to resign as Chief Minister. Failure to do so would be to side step his responsibilities.

The other speakers were David Edgecombe, Deputy Chairman, Steve Adolphus and Percy Arthurton, chairman of the meeting.

/9317  
CSO: 3298/325

MONTSERRAT

BANK REPORTS ECONOMIC DECLINE FOR 1ST HALF OF 1985

Kingston THE SUNDAY GLEANER in English 2 Feb 86 p 21

[Text]

PLYMOUTH, Jan. 16  
(CANA):

The Eastern Caribbean Central Bank (ECCB) says a weak performance by the Montserrat manufacturing sector and a corresponding fall in exports were the major factors behind an apparent decline in economic activity in the tiny Caribbean island in the first half of 1985.

"While there has been a significant improvement in tourist arrivals and expenditure, this was however not sufficient to reverse the decline in the value of exports," the ECCB said in an economic review for the six-month period.

The bank said the tourist sector in the 39-square-mile island recorded a significant improvement during the 1985 first half. Stay-over visitor arrivals rose by 9.4 per cent to 9,231 over the previous mid-year performance, as the recovery which began in 1984 strengthened.

It said excursionists, made up largely of cruise-ship passengers, increased by 95 per cent (to 5,073) over the number for the corresponding period in 1984.

Receipts from tourism for the first half of 1985 amounted to EC10.5 million dollars (one EC dollar = 37 US cents), compared with EC9.5 million for the same period in 1984.

The bank said the rate of inflation, as measured by the Consumer Price Index fell during the six months. There was a 2.5 per cent decrease in the All Items Index which was brought about by an 8.1 per cent fall in the Index for food and non-alcoholic beverages, together with a 1.2 per cent fall in that for household goods, the Central Bank said.

Montserrat's trade position weakened during the review period. While imports of EC24.1 million dollars

remained at virtually the same level as in the first half of 1984, there was a marked decline in exports and re-exports.

Goods valued at EC1.1 million dollars were exported during the first two quarters of 1985, compared with 2.7 million dollars during the same period in 1984.

Exports of electronic components for the period January to June were down 58 per cent, while for miscellaneous manufactures, including polypropylene bags, the reduction was 73 per cent.

The Budget for 1985 projected recurrent revenue and expenditure at EC23.2 million dollars respectively, giving a surplus of 0.6 million dollars.

Tax revenue was expected to yield EC20.1 million dollars, of which 8 million was expected to come from direct taxes while the remainder will be obtained from indirect taxes.

/9317

CSO: 3298/325

COMPANY IN LABOR DISPUTE FIRES 'RUSSIA-TRAINED' MANAGER

Plymouth THE MONTSERRAT REPORTER in English 1 Nov 85 p 1

[Text] The climax of the drama at MAS [Montserrat Aviation Services] may have been reached yesterday with the firing of Dr Mark Pilgrim, the company's General Manager.

News of Pilgrim's firing came shortly after mid-day yesterday after a meeting of the Board of Directors at the office of Chairman John E. Ryan.

While the meeting was been conducted at Government Headquarters in the quiet office of Ryan who is also the country's Financial Secretary, workers were picketing outside of MAS' office on Lower George St.

In an unusual demonstration of solidarity employees of MAS, including Joseph, were joined by employees of Barclays Bank, Monlec, Cable and Wireless and National Provident Fund for a protest march starting at MAWU's headquarters in Dagenham and proceeding down George Street to MAS.

The marchers carried placards calling for the reinstatement of Joseph and claiming that Pilgrim was trained in Russia.

Ryan claims that the picketing of MAS had little to do with the Board's decision. Says he: "After carefully considering the matter from all angles, the Board came to the conclusion that it was in the best interest of the company to relieve Mr. Pilgrim of his duties as manager and reinstate Mr. Dennis Joseph in his job.

The drama started three weeks ago when Dennis Joseph was fired from his job as baggage attendant at MAS, after disagreeing with stringent new company rules. Joseph claims that an appeal to the Gene-

ral Manager ended in a rebuff.

Dr. George Irish, president of MAWU addressed the crowd in front of MAS. He said the Union had grown fed up with the lack of any positive action to reinstate Joseph for what he says was an unfair dismissal and treatment.

He said, "it is a good thing this happened, because it opens a lot of eyes to what is happening here under what looks like a calm surface."

He said the real message of the demonstration was "solve the problem fast or else."

The Board's decision to fire Pilgrim and reinstate Joseph defers from its position earlier this week when the chairman was visited by Bertrand Osborne, political leader of NDP and Steve Adolphus, assistant general secretary. Following this visit and after discussion with Dr. Irish, the NDP Executives sent a letter to Chief Minister John Osborne (see page 2) expressing concern and recommending his intervention.

Chairman John Ryan says plans have been taken to ensure that the service MAS provides is not adversely affected.

/9317  
CSO: 3298/325

POLICE SEARCHES AT PAPER, SCHOOL BRING REBUFF

Search for Documents

Plymouth THE MONTserrat REPORTER in English 20 Dec 85 p 1

[Text]

Police this week spent several hours searching the Montserrat Times' office as well as the home of its editor, Mr. Howell Bramble, Bramble told the Reporter this week. A search was also carried out at AUC, [American University of the Caribbean] and at the home of AUC's president Dr Paul S. Tien.

Bramble says that the Police came up with nothing except for copies of two letters, one to the Chief Minister and one to the Governor, which were given to him by David Brandt, who resigned from the PLM government last year.

The Police were reportedly searching for documents which they claim are missing from Government. The raids are believed to have been inspired by a headline story in the last issue of the Times captioned Government has legal plans to squeeze AUC.

The Times story reproduced almost word for word a memorandum sent to the Chief Minister and his Ministers last Friday, December 13.

The Police is reportedly continuing its investigation.

**'Police State' Warning**

Plymouth THE MONTserrat REPORTER in English 20 Dec 85 p 4

[Editorial]

[Text]

**It should be clear that for a government to function properly it must be able to discuss its affairs with some measure of certainty that what is discussed will not be on the street the next moment. It is even clearer that the PLM government enjoys no such luxury.**

**Nothing is confidential. Just last week the contents of a document circulated to government ministers by the Attorney General were published almost verbatim in the Montserrat Times on the very day the document went into circulation. Even matters discussed at Executive Council, where members take an oath of secrecy, regularly become public knowledge with alarming haste.**

**This is a serious problem which government should be anxious to correct.**

**But in attempting to correct the problem government must be careful not to create others of perhaps even more far reaching consequences. Raiding the homes and business offices of both the Editor of the Times and the President of the American University of the Caribbean was, to say the least, grossly distasteful. And claiming that it was a first step in an attempt to plug the leaks in government doesn't make it any more palatable.**

**The spectre it creates is that of a police state. Of mongoose gangs and enforcers whose primary purpose is repression. It looks like an attempt to muzzle the press and harrass persons known to be in disagreement with government.**

**In the Caribbean we have seen the police used far too often by tyrannical governments to hold the citizens of a country in check and stamp out any form of dissent. This must never be allowed to happen on Montserrat and for this reason in particular the Reporter condemns government's use of the police to search AUC and the Times.**

**Today a search – tomorrow what?**

**If government is concerned, as it should be, with plugging leaks, the place it should start is with itself. Certainly it is bound to find more to act on there than at either AUC or the Times, particularly as information about any search is likely to be leaked long before the searchers can arrive.**

**Notwithstanding the horrid drama of a government which seems unable to do anything right, we must set aside our problems, at least temporarily, so that we can commemorate the birth of Jesus Christ.**

**We extend a hearty welcome to our visitors to Montserrat and to all of our readers everywhere greetings for a joyous and peaceful Christmas and a Happy New Year.**

/9317  
CSO: 3298/325

NICARAGUA

BRIEFS

CHANGES IN AGRICULTURE MINISTRY--Several changes in the upper echelons of the Agricultural-Livestock Development and Agrarian Reform Ministry, MIDINRA, were officially reported yesterday. Guerrilla Commander Alonso Porras has been appointed director general of agrarian reform with the rank of deputy minister. MIDINRA Deputy Minister Ricardo Coronel Kautz will now be regional director of MIDINRA in the 3d Region. Other appointments include: Julio Francisco Baez as director general of human resources; Josias Saenz Zapata as general administrative director; and Adan Luis Talavera Salinas as director general of the livestock department.  
[Summary] [Managua BARRICADA in Spanish 13 Feb 86 p 6 PA] /12858

SPANISH CREDITS--Today Acting Spanish Ambassador Jose Pascual announced that the Spanish Government has opened a \$26 million line of credit for Nicaragua. In a news conference with national and foreign journalists, the diplomat said that the line of credit will be used for Nicaraguan imports of Spanish consumer goods. He said that in the past, the Spanish credits were used by Nicaragua for the import of capital goods but that at the request of the Nicaraguan Government, Spain will now be sending consumer goods. The diplomat reported that in 1985 Spanish cooperation with Nicaragua amounted to \$2 million which did not include financial aid and donations. [Text] [Managua Domestic Service in Spanish 0300 GMT 14 Feb 86 PA] /12858

CSO: 3248/239

PARAGUAY

FINANCE MINISTER DISCUSSES 1985 REVENUE SURPLUS

Asuncion EL DIARIO in Spanish 2 Jan 86 p 10

[Text] Evaluating the performance of the fiscal year that just ended, the director of domestic taxation, Anibal Gonzalez, stated that his agency collected 51,100,713,747 guaranies, of which 48,392,154,800 guaranies corresponded to ordinary revenues and the remainder to the levying of a special tax on exports of livestock on the hoof and lumber.

The finance official also stated that in 1985 there was a 26-percent surplus over the budgeted amount.

The director general of customs, Fulgencio Tomas Santos, pointed out that "in the history of customs collections, 1985 has been a record year in terms of the institution's ordinary income. A total of 10.387 billion guaranies was collected. The previous high was 9.471 billion guaranies, collected in 1980."

In turn, the director of income taxes, Dr Maximo Vazquez Ballena, indicated that 1985 closed with a surplus of about 50 percent, with his institution having collected a little over 26 billion guaranies.

Finally, the director of property taxes, Dr Agustin Llamosas, stated that the institution that taxes real estate holdings collected 5,043,891,759 guaranies, an estimated 24 percent higher than the original forecast.

Reasons for Surplus

In most cases, the high officials of these tax collection agencies agreed that the auspicious results for fiscal year 1985 were due to the economic recovery that took place during the year. The gross domestic product (GDP) grew by an estimated 4 percent, according to preliminary data.

In addition, the General Customs Office noted that the increase in collections was due to the implementation of certain measures, such as the elimination of the free zone in Ciudad Presidente Stroessner and its replacement with a single tax, and other actions such as the new customs tariff.

The Income Tax Office, on the other hand, noted that the adoption by the Finance Ministry of a measure giving it greater control over the taxes to be paid by those who supply goods to the state had a decisive impact.

The Property Tax Office felt that "the positive response we have received from the taxpayers. . ." was important, according to the director of that office.

In the opinion of the finance minister, 1985 ended with a surplus after getting off to a rocky start, primarily because of the adoption of measures designed to strengthen foreign trade. This fact was also accompanied by an improvement in the collection and utilization of government funds.

8926

CSO: 3348/394

1985 ECONOMIC PERFORMANCE ANALYZED

Asuncion ULTIMA HORA in Spanish 31 Dec 85 p 14

[Article by Efrain Enriquez Gamon; passages enclosed in slantlines printed in boldface]

[Text] In our opinion, 1985 was a rather critical economic year. Given that the national economy is part of the international economy, whose imbalances were reflected sharply in the decline in the prices of our principal export products, such as soybeans and cotton, the adverse impact of inflationary pressure and high interest rates also continued. On the other hand, although oil prices remained relatively stable, with a slight downward tendency, domestic fuel prices did not fall in the same proportion.

Nevertheless, not everything can be blamed on the external sector. Despite the considerable increases in agricultural production (we have even reached self-sufficiency in wheat, with a production of about 200,000 tons--enough to meet domestic consumption needs and even leave a surplus of seeds for next season's planting), no plan of action could be formulated with objectives and goals designed to win over the sectors of production and serve as guidelines for economic recovery.

The /fundamental problems/ were as follows:

a) Absence of an effective and realistic policy to coordinate and complement the fiscal area with monetary and credit policy and above all to promote the productive sector.

The actions of the private sector were somewhat aimless, in terms of concrete projects. It was plagued with great uncertainty about the near future, which was affected by internal political factors and especially by an exchange system that made the real performance of the economy unpredictable.

b) Anarchy on the exchange market, which severely shook the national economy in the following aspects at least, if not others: i) less income from exports, in inverse proportion to the costs of imports; ii) a drastic decline in the public's buying power (85 percent of the population has fixed or reduced income). This situation, in turn, was due to two factors that could not be eliminated: a) the gradual devaluation of the guarani, and b) the

speculative increase in domestic prices. These domestic prices rose disproportionately because of the "dollarization" of the economy, but did not come back down when the dollar, which went as high as 1,100 guaranies in August, fell some 400 points 2 months later. In other words, the prices that rose for this reason did not fall by the same proportion as the decline in the dollar; iii) there was a sudden shrinkage in the influx of external capital (private foreign investors), and greater resistance by national investors to the use of their savings for productive activities; and iv) an extremely serious factor because its effects were pervasive throughout the social and moral order, the creation and perpetuation of a brutal exchange gap, continuously exacerbated by inflation. Thus, the market value of the dollar was as much as three times its official value. This was fertile ground for the emergence in our country of an unprecedented and almost universal administrative corruption, along with speculative action. This situation came very close--and still is--to undermining not only the credibility of our public institutions, but also the very functioning of the government. The authors and "supporters" of this immoral exchange policy did not stop to consider the tremendous damage they were causing to the functioning of the domestic economy and the way they were tarnishing the government's image abroad.

c) Another problem that is of great concern is the impact on the economy of the almost vertical plunge in overall private investment, due to both the slowdown in the inflow of foreign capital and the unproductive use of national savings. In this regard, the reports by the Paraguayan Industrial Union and the Paraguayan Chamber of the Construction Industry, for example, assert that investments requiring employment and other factors of production and service were not made throughout the year. This was naturally reflected in the performance of the GDP and, above all, in national income. Those sectors that do not have savings or are not protected with social benefits or other economic support were the ones that suffered the most severe punishment.

d) Finally, another aspect that should be mentioned--we might even describe it as painful--is the great deterioration in public confidence in the management of some of the principal institutions. Because of their functions and objectives, these institutions were designed and instituted to promote the country's economic-social development. Such is the case with the APAL, the Retirement and Pension Fund, and particularly the Central Bank of Paraguay, which is no less than the guarantor of the monetary value of the goods and services that are created and produced by the inhabitants of our republic.

This situation, which is serious enough by itself, imposes a great and difficult historic responsibility on the government party. With the staff of justice (under the auspices of the law) and with the treasury of its moral reserves (still upheld uncompromisingly by the human resources that represent it), the National Republican Association has an obligation to wipe out this dirty business that is a discredit to its name, given its responsibility as the governing party. If it does so, it will be morally justified in remaining for many years at the helm of the government of this republic.

## Positive Aspects

Among the positive events of 1985 we can cite: a) the nationalization of PETROPAR, an enterprise that not became not only a part of the nation's patrimony as a fixed asset, but also a necessary instrument of national petroleum policy, free of the cruel grasp of its predecessor, whose only goal was to earn profits at the expense of the Paraguayan people; b) the success of the national wheat program, which made it possible to meet our own demand for this grain, cease spending foreign reserves on this item, and break the bonds of foreign dependency for a product that is so vital to the human diet; c) the completion and opening of the Dr Juan Leon Mallorquin Encarnacion-Stroessner Highway, Route VI, which will contribute to a network of paved roads and thus incorporate a vast and fertile wheat- and soybean-growing area into the permanent cycle of the national economy; and d) the great boost that was given in 1985 to the continued inclusion of the Paraguayan Chaco region in development programs. The continuation of paving work on the Trans-Chaco Route, the reactivation of oil prospecting and exploration, and the support of the agroindustrial and livestock sector all make that rich region a development pole with incalculable potential. Wider success will depend on the combined action of well-planned policies for the utilization of its still untapped resources.

## Prospects

To eliminate the "bottlenecks" that are impeding the expanded and accelerated development of the economy, the only sure thing we have left is to stimulate the political will to study the implementation of corrective measures, making a /profound readjustment of the entire economic policy./ But these measures must never be fragmentary, isolated or unilateral. They must be complementary in at least the following areas: a) fiscal policy, b) monetary and credit policy, c) a foreign trade policy (oriented toward exports and imports), and d) a policy on domestic production.

In our view, the most important ministry in the country should be the one in charge of guiding the basic productive sector: agriculture, livestock, industry. Technology, skilled human resources, credit, and the dynamic of political decision-making--in other words, the entire battery of fiscal policy, trade policy and credit policy--should all focus on that sector.

The principal challenge, therefore, is political, not economic. The main difficulty in solving the problems outlined here does not lie in the economic sphere, since those obstacles can be overcome through technical and financial means; rather, the political considerations are decisive. And for that purpose, we must have political will as an expression of the whole social effort that will exert a decisive influence as a function of national development.

8926  
CSO: 3348/394

PARAGUAY

BRIEFS

PREFERENTIAL RATES--The BCP board informs the public that this institution has not issued any measures establishing that all private sector imports are to be paid with currency purchased on the parallel market. Therefore, all such interpretations of the measure creating the Registry of Non Preferential Importers, [Regristro de Importadores con Divisas Propias] which is designed for those importers using currency purchased on the parallel market, are groundless. The Registry of Non Preferential Importers is designed to expedite banking import operations by substantially eliminating previous requirements. Moreover, this registry will help establish better and more complete statistics of import operations made on the parallel market. This new registry will be an addition to the already existing registries for exporters and importers operating on the official market. The BCP will continue to sell dollars at preferential rates to private importers, whenever such requests are in keeping with the social and economic development priorities established by the national government. [Undated Press Release issued by the Paraguayan Central Bank [BCP]] [Text] [Asuncion EL DIARIO in Spanish 5 Feb 86 p 4 PY] /8918

GAMARRA ENDS HUNGER STRIKE--Remigio Gimenez Gamarra ended his 60-day hunger strike yesterday afternoon. This was announced at the Committee of Churches' Office by Gimenez Gamarra's lawyer Dr Digno Britez. [Begin Britez recording] This afternoon I went to the Rigoberto Caballero police hospital, where I talked with Remigio Gimenez Gamarra, who told me he ended his hunger strike the afternoon of 10 February. Thus, I hereby inform the public that he has lifted his hunger strike thanks to the mediation of individuals whose names I cannot disclose now, because this was one of the conditions imposed for a rapid solution of Gimenez Gamarra's case. [End recording] [Excerpt] [Asuncion Cerro Cora Sistema Nacional Television in Spanish 2300 GMT 11 Feb 86 PY] /8918

CSO: 3348/438

GOVERNMENT DECENTRALIZATION PROGRAM CONTINUES IN MICOUD

Castries THE VOICE in English 22 Jan 86 p 1

[Text]

THE Government's plans for the decentralisation of its services continue on Sunday with the launching of the South-eastern Region, or Region Four, whose centre is in Micoud.

The first region, Region Five was launched early last month. According to Mr. Fitz Gerald Louisy, the Regional Coordinator, plans are for the inauguration of all the eight regions under the programme by year end.

The decentralisation system is intended to bring services closer to the people and give them a greater say in the plans, projects and programmes for their regions.

The overall objective is to deliver efficient services to the people islandwide and to encourage greater participation in the affairs of the country.

Sunday's big function at Micoud will be addressed by Prime Minister John Compton and Education Minister Louis George, both parliamentary representa-

tives for Micoud. Other addresses will be delivered by Mr. Cass Elias, Chairman of the Regional Council and Police Inspector Beresford Harding, Chairman of the Regional Technical Coordinating Committee (RTCC).

The role of the Regional Council is to discuss plans on how the region should develop, the improvements that are needed in the communities and see that programmes are properly implemented.

The RTCC will monitor and coordinate work programmes in the regions, listen to the needs of the people through the Regional Councils and keep the people informed of work being done in the regions.

Regional Coordinator Mr. Louisy says that the people generally have responded overwhelmingly to the decentralisation idea.

Since the launching of Region Five, a number of new services had been brought to Vieux Fort, he said, including Immigration and Inland Revenue facilities.

He added: "It will not be possible to place all the necessary services everywhere. In some Regions, some services will be based. In others, they will be provided on a scheduled basis and people will be informed of the days and times these services will be available to them as well as the names of the persons who will be delivering these services."

Sunday's activities at Micoud will also include cultural presentations by primary school students as well as other groups from Mon Repos, Ti Rocher and Desruisseaux.

/9317  
CSO: 3298/330

PLP CONVENTION FEATURES MAJOR ADDRESS BY ODLUM

Odlum on Unity

Castries CRUSADER in English 25 Jan 86 p 2

[Article headed: "George Odlum Glances Back at the Path to National Unity"]

[Text]

On the eve of the last General Election I took the rather unusual step of telling the electorate that neither of the Three Parties contesting for office could make a success of solving the problems of St. Lucia at this stage of its development. In some ways this was a revolutionary position since we were being forced into a divisive Party contest which we had no appetite for and which we were convinced was not the answer to our problems.

It was clear then to me that we needed a new collective thrust which would remove the fortunes of the people of St. Lucia from the dog-fight of Party politics and open the way for a new form of government by consensus of the People. The conventional Party Politics had so tribalised our people that nothing Compton attempted could ever smell right to the Labourites and conversely nothing Labour initiated could win the support of the Establishment and the U.W.P. supporters who had taken a strong entrenched Anti-Labour position. The tribalism was endemic. We needed a mandate across the Party lines in order to lift St. Lucia out of its economic and political mess. This was a new and strange concept to a St. Lucian electorate nurtured on division and partisanship. It was therefore a very bold step when I mounted a platform together with my arch-adversary and rival John Compton in order to galvanise the minds of St. Lucians to reach out for a New Order. The old rivalries were not enough. The old antagonisms had to go and a bold

new consensus had to emerge which would cut right through the divisive atmosphere which dominated St. Lucian politics. Mr. Compton himself had no stomach for this new arrangement. On second thought I should qualify this observation because Mr. Compton had risen to the challenge when the Joint Inter-Party meeting under the chairmanship of the Archbishop had settled for an Interim National Government. Apparently Mr. Compton could not sell the idea to his Executive and Mr. Giraudy in the wings had too much of a mind-set on traditional politics to appreciate the new thrust. He saw the moment as a question of "Buggins Turn". There was a chance for the UWPees to get back into power and they should seize this opportunity irrespective of whether the UWPees could do anything serious to change the course of the country or not. It was a limited, narrow and selfish point of view but this prevailed in the Executive of the Party and Mr. Compton himself who might conceivably have taken enough of the rough-and-tumble of politics to know that the course he was set on was futile and hopeless, had to bow to the dictates of his Party and wail on the arrangements which he had solemnly made the day before in the presence of both the SLP and the PLP under the chairmanship of the Archbishop. The United Workers Party had elected not to try the path of National Unity but to grab another opportunity at holding office if only to serve the selfish ends of a few ageing politicians and to restore some traditional structures which had already started to collapse under the crude reformism of the Labour Party.

It was at this point in time that St. Lucia missed the boat. It was precisely at that time the stage was set for another useless electoral struggle which would introduce another bunch of useless faces into the political spectrum. Mr. Compton embarked on his Party political dog-fight using the same techniques and methods that he had used for the past twenty years. He rounded up a bunch of band-wagon riders who had no appetite for politics, no commitment to the people and no concept of the problems facing the country. He dumped this garbage into an already polluted political scenario. The Labour Party had its fakes and square-pegs-in-round-holes. The PLP had its quota and the UWP had a fair share of those misfits. Now Mr. Compton imposed a new bunch of misfits on the conglomeration which existed before. This was a great disservice to St. Lucia. At least the emergence of the PLP had one positive achievement - it had polarised some of the square-pegs and made them marginal to the future political development of St. Lucia. The alienation was almost complete and it was only the vacillation of Peter Josie which gave a new lease of life to some of Labour's misfits.

Now it is of extreme importance not to see this separation of the wheat and the chaff in St. Lucian politics as any kind of snobbery or intellectual arrogance. It is a conscious effort to increase the EFFICIENCY of administration in the country and to rid the political landscape of people who are in politics just for a living or for the opportunity to line their pockets. In 1982 there was a clear opportunity to achieve this but the blinkered partisanship of the UWPees destroyed this chance. To be fair, the other Parties themselves were not strongly seized of the new concept of National Unity. Up to today the St. Lucia Labour Party and some of its opportunistic side kicks still portray my action in mounting a platform together with John Compton as "a betrayal of the Working Class" as the Combat newspaper recently reminded us. It did not help them to appreciate that I was the single most consistent critic of Mr. Compton's policies before that day and his most consistent critic throughout the 1982 Campaign and up to this very moment. The myopic view of the Labourites who were simply looking for an opportunity to get their piece of the action never allowed them to reach above their self-interest to embrace the national concept. Even

some of the PLPees in my Party never fully acquiesced with my action in showing this dramatic glimpse of the possibility of a new path to National Unity.

Today in 1986 the bankruptcy of our political system is self-evident. The hopeless failure of the United Workers Party is manifest. Mr. Compton himself looks as crest-fallen, tired, demoralised and frustrated as we had anticipated. He obviously has come to terms with the fact that he has no answers to our problems and any way he now admits that he cannot propel the country forward without the support and cooperation of the people. What an awful pity that it took him four more years of the suffering and deprivation of St. Lucia to establish that point conclusively. After the last General Election I was confident that it was a matter of time before the contradictions started to appear and the Government would fall on its own weight. This is why I resisted any opportunity to go all out on a firm confrontation with Mr. Compton's Government. I made sure that he could not blame his failure on me or the Progressive Labour Party. That is why some people claimed that the PLP had weakened or lost its will to fight, but the tactic was clear.

Today the path to National Unity looks more compelling because the UWPees are faced with their own failure. The SLPees have to face the fact that they threw away a good opportunity to govern irrespective of the reasons for so doing.

Moreover, the arguments for National Unity are persuasive. St. Lucia cannot face the blasts of international and regional competition without putting its best foot forward. We have to enter the new age of modern politics. We must share in the professionalism of modern politics. We must understand the technology, the concepts and the issues and apply our best St. Lucian talents to that task. The sentimentality of sending a Minister abroad to represent us simply because he was twenty years with the Party, or sending persons to represent us abroad

simply because they are family friends, is not on! We must find a way of harnessing all the talents which now languish on the fringes of the political life of St. Lucia. We must find a way of stimulating a new ethic of service away from the motivation of "making money". We must generate a sense of commitment, a feeling for service, a concern for PEOPLE - This is the Path to National Unity. It is a Path which would:

\* Re-unite the Workers of St. Lucia and restore their confidence in themselves and in the political process.

\* Mobilise St. Lucians to make an assault on UNEMPLOYMENT and PRODUCTION.

\* Establish a common front against POVERTY, DISEASE and BAD HOUSING.

\* Cement arbitrary and personal differences in the general interest of the State.

\* Develop a Community approach to the problems of DRUGS, CRIME, POPULATION and CHILD ABUSE.

\* Unify the country to fight against EXPLOITATION, IMPERIALISM, CULTURAL DOMINATION and all forms of RACISM.

\* Unify our people behind a clear and unambiguous political and economic line of development.

This is the challenge and the hope for National Unity.

### Odlum-Josie Relationship

Castries THE VOICE in English 22 Jan 86 p 3

[Text]

GEORGE ODLUM, political leader of the Progressive Labour Party (PLP), has spoken in unequivocal terms on the relationship between himself and Peter Josie for the next general elections.

Addressing the second Congress of his Party at the Castries Comprehensive School Sunday, Odlum emphasized that he and Josie had taken a decision to "rally the fighting forces in St. Lucia."

But the Party Leader, who was re-elected unopposed, hastened to add: "This decision by Brother Josie and myself to rally the fighting forces in St. Lucia is only a catalyst which we hope will inspire the rest of the opposition and the rest of the people to enter into the spirit of our reconciliation in an effort to inspire the whole of St. Lucia to unite for change."

Odlum, who split ranks with Josie in 1981 during a political crisis in the St. Lucia Labour Party (SLP) of which both men were members, told the Congress that the most symbolistic aspect of the Labour rift was when himself and Josie parted company. "For most St. Lucians this was traumatic. It was catastrophic. The morale of the people of St. Lucia and the ordinary worker never quite recovered from this shock," he said.

He continued: "I don't want you to entertain the thought that it is a different George Odlum who is speaking to you. I do not want you to believe that it is a different Peter Josie...We are both the same men but we are sadder and wiser men because we have seen the suffering and isolation of our people. We have seen the voices of our people stilled by victimization and harassment. We have watched the rights of our people trampled into the dust. We have witnessed the deterioration of our society and the alienation of our youth and we say, that's enough."

"All good St. Lucians must sink their differences and their petty squabbles to give the next generation of St. Lucians a chance to live with dignity and honour in their country," Odlum stressed.

Josie was not present at the Congress, nor was Mikey Pilgrim, the former deputy political leader of the Party who has not uttered a public statement since the 1982 general elections.

Odlum explained that the last election results had shown that apart from all the "electoral hanky-panky" that the PLP was now the "main opposition force in the country" and the SLP had more electoral pull in the Southern part of the island than the PLP. One other revelation of the last election, he added, was that in a straight fight between a consolidated labour force and the United Workers Party would have been a close affair, "but with the vicious swing of the pendulum in 1986 the Opposition would certainly rout the United Workers Party given a consolidated and viable opposition slate."

Odlum said that there were misgivings about a united opposition because the protracted labour squabbles of the past few years made the people nervous about the chances of a reconciliation.

He dismissed these misgivings this way: "The Labour Party split was a split over principles and not a crude leadership struggle as the media is so fond of dubbing it. The events of 1982-1986 has shown that

the concern of the progressives over corruption and a people-oriented economy was fully justified and today the glimmer of hope which exists in St. Lucia is that there is a core of people in the state who would be prepared to stand against any odds to defend a principle when such a defence is necessary."

On the question of the economy Odlum, a former deputy Prime Minister and Minister of Trade and Industry, said that nothing would wipe away the "central fact" that St. Lucia had made little or no progress between May 1982 and January 1986.

"Almost four years have slipped away. Four years during which the conduct of the Opposition Progressive Labour Party has been nothing short of exemplary. Four years in which the opposition has bent over backwards to ensure that Mr. Compton and his bevy of bunglers have no excuse about the atmosphere for investment being destroyed by opposition militancy. No Cuba can be blamed for the failure of the Government. No Libya can be blamed for the increasingly high unemployment figures. No Black Power radicals can be blamed for the collapse of the economy. No socialist forces can be blamed for the foreign exchange leakage. No planned coups or terrorist activity can be cited as a cause of economic destabilisation. The government is now left face-to-face with its own wrong-headedness, its own deception and its own incompetence," he charged.

#### Remarks on Economy

Castries CRUSADER in English 1 Feb 86 pp 1, 6-7

[Text]

At the Progressive Labour Party Congress held on the 19th of January at the Castries Comprehensive School, Party Leader George Odlum in his Congress Address lashed out at the ECONOMIC MISMANAGEMENT of the St. Lucia economy. In dealing with our economic plight he said,

Let us now, Brothers and Sisters telescope our attention from global matters and focus our minds on this beautiful little patch of earth that can be ours to cherish and to hold if proper policies are pursued.

There is no need for me to recall the elaborate promises made by the United Workers Party during the last electoral campaign. We are all familiar with the MILK-AND-HONEY promises. We heard for ourselves the solemn promises to turn the economy around in SIX MONTHS after the May 1982 Poll. We have listened to Budget after Budget postponing the New Jerusalem for yet another six months, then another year. We have grown tired of the perennial excuse that all St.

Lucians problem originated in the previous Labour Government. Any school-child can call the bluff on all the dodges, excuses and prevarications which constitute the stock-in-trade of our Government. But all these MAMAGUYING techniques cannot efface the reality of our existence. Nothing can wipe away the central fact that St. Lucia has made little or no progress between May 1982 and January 1986.

Almost four years have slipped away. Four years during which the conduct of the Opposition Progressive Labour Party has been nothing short of exemplary. Four years in which the Opposition has bent over backwards to ensure that Mr. Compton and his bevy of bunglers have no excuse about the atmosphere for investment being destroyed by Opposition militancy. No Cuba can be blamed for the failure of the Government. No Libya can be blamed for the increasingly high unemployment figures. No black-power radicals can be blamed for the collapse of our economy. No Socialist forces can be blamed for the foreign exchange leakage. No planned coups or terrorist acitivity can be cited as a cause of economic destabilisation. The Government is now left face-to-face with its own wrong-headedness, its own deception and its own incompetence.

Of course this strategy did not mean that the PLP had abandoned its function of highlighting issues and informing the public on political, social and economic matters which affected them. The Crusader Newspaper did yeoman's service in exposing the corruption in Government, focusing on victimisation and injustice and chronicling the tales of woe on the economic front. In one sense there was no need to hold the mirror up to the economic plight of our people because their living experience spoke for itself. More than 30 percent of St. Lucia's labour force have no jobs and have to depend on others or beg and hustle to survive. Another 20 percent get work now and then. Another 30 percent have regular jobs but they earn incomes which are too low to provide adequately for the basic needs of food, housing etc. These are mainly self-employed people - small farmers, vendors, dressmakers etc. Only about 20 percent of our people earn enough to live like decent human beings, these work mainly with Government or foreign companies.

A few are independent professionals and some local capitalists. Our people are plagued by unemployment and low incomes. They suffer from malnutrition and many children die as a result. Many live under housing conditions that are unfit for human beings. Many get little or no education and so illiteracy remains to hamper our development. Most St. Lucians have such limited access to basic health facilities that their lot is a life of disease, physical suffering and early death, despite the loud boast of the Ministry of Health that St. Lucia is a model for other countries in public health.

Something is fundamentally wrong in an economy in which the land lies idle and underutilised, the labour force is sitting frustrated and out of work and the people are victims of a pattern of foreign ownership and Capitalist exploitation nurtured and encouraged by the Government which represents them. This is no accident.

This is the conscious policy of the ruling United Workers Party. This is the Free Enterprise System that they speak of. Our people are free to starve, free to be jobless, free to be sick and homeless. The philosophy was clearly expressed by Prime Minister Compton himself at a Convention of the UWP held at Gros Islet. He said that we must help the Rich so that they in turn can give the Poor. In this crazy schema the Government's role is to facilitate the Rich to enable them to give handouts and charity to the Poor. This is the Flambeau Way. It is not the Progressive Way. The crazy monetarist policies of the Seagas and the Comptons

have exposed the Caribbean Poor to more hardship and deprivation. The people of St. Lucia will remember that when Labour was in office we prepared a Budget which was called The Robin Hood Budget.

**It levied taxes on the Commercial Banks, the Companies and the Insurance Companies while giving relief to the ordinary low-income earners.** Immediately the UWPees returned to power in 1982 they dismantled the taxes on the banks and companies and now we have seen the full force of the taxes hitting the Taxi-drivers, the passport seekers, the travellers, the small traders, the sick who attend the hospitals, the persons who hold stalls at the market, the people who attend the Health Centres. Is this the kind of financial management that the UWPees promised St. Lucians? But the travelling of ministers escalate, the festivals come fast and furiously, the wastage on exhibition projects multiplies and the corruption in Government soars to unprecedented levels.

**The 1985 World Bank Report on the performance of Prime Minister Compton's Administration is scathing. The Report condemns the reckless expenditure of the Government and the failure to provide the revenues to underpin such expenditure. The Report indicates that the economy has been seriously mismanaged during the past three years and compares it unfavourably with the three years of the Labour Administration. The damning excerpt from the World Bank Report of 9th April 1985 entitled "Performance and Prospects of Economy of St. Lucia" reads as follows: I quote....**

**"The current expenditures of the Central Government have exceeded current revenue and this is a cause for concern. Whereas in Fiscal Year 1980-81 there was a current surplus amounting to 1.7 percent of the Gross Domestic Product, since then there has been a deficit every year. In the Fiscal Year 1981-82 it amounted to less than one percent of the G.D.P. But in the Fiscal Year 1984-85 it is estimated to be 4.3 per cent of the G.D.P."**

**The story told by the World Bank is plain and simple. During the Fiscal Year 1980-81 when the Labour Party was in office there was a current surplus of 1.7 percent of the G.D.P. Since then there has been a deficit every year and when the Compton Government took over in 1982 the deficit situation got progressively worse until the current Fiscal Year 1984-85 when it is estimated at 4.3 percent of the Gross Domestic Product.**

**There is no way around this official condemnation of the financial management of Prime Minister Compton and his bunch of financial bunglers. He tried his best to put the economic mess on the doorstep of Labour for having granted wage and salary increases but it must be pointed out that Labour's economy was in a SURPLUS situation in 1980-81 and their revenue column was healthier. The MISMANAGEMENT came when the Compton expenditure spree was unsupported by revenue earnings and the deficit went out of hand. None of the opiates which Radio St. Lucia trots out daily can wipe off this fact. None of the glossy pictures of achievements recorded weekly in The Voice of St. Lucia can give the lie to this.**

And when the Prime Minister tries to find a way out by blaming POPULATION GROWTH tell him that his own reckless mismanagement is a crucial factor in creating St. Lucia's economic mess. He shouted one thing from his Opposition perch and did the reverse when he took office. He was on record as saying that the number of Ministerial posts must be reduced to achieve economies. On his accession to office he immediately INCREASED the number of Ministries. More than that he argued stoutly that the Civil Service was over-manned and there was need to streamline it by serious retrenchment. The Prime Minister then proceeded to create an additional thirty posts in the Ministry of Finance alone. He strongly criticised the wage demands of Unions and called for a ten percent wage freeze, then promptly increased his own salary and the salary of his Ministers by 57 percent and over. Evidently there is no correlation between the prescription he prepares and the remedy he administers. He accused the Labour Administration of excessive borrowing and warned of the dangers of debt-servicing. Today the World Bank is alarmed at his own reckless pursuit of hard-term loans. The bank states that St. Lucia is incapable of meeting its arrears in debt-servicing and has become one of the near-bankrupt economies with NO CREDITWORTHINESS OR FINANCIAL RATING.

#### Ten-Point Program

Castries CRUSADER in English 1 Feb 86 pp 6-7

[Article headed only "Congress (1986) Party Leader's Address"]

[Text]

Mr. Chairman, Invited Guests, Delegates, Brothers and Sisters All, we are gathered here today in this auditorium not to conduct the sterile exercise of the Government in trying to make TWO AND TWO make TEN. We are here to establish that TWO and TWO in any economy will make FOUR but that we will be committed to the idea of seeing the FOUR distributed as fairly and evenly as possible to all sectors of the economy and to ensure that those whose need is greatest will be treated with the greatest urgency.

This fundamental position, as simply as it is stated, constitutes a total condemnation of the Government of the United Workers Party from their assumption of office in May 1982 to this day in the middle of January 1986. I want, by way of preamble, to draw your attention to the basic ideological difference between the United Workers Party and the Progressive Labour Party.

The Leader

of the ruling United Workers Party has told us often enough that he is a firm believer in unbridled Capitalism. He believes in the Free Enterprise Market mechanism and the Puerto Rican model of development known as INVESTMENT BY INVITATION. He is an uncritical protegee of the United States both in its economic and political policies and in fact played a leading role in the United States-led Invasion of Grenada. On the assumption of office after the May 1982 General Elections the UWP Leader reaffirmed that this was the path of development which he had pursued for almost twenty years and he intended to continue along this path because he saw no reason to change it.

Apparently the continued EXPLOITATION of our people was not enough reason for reconsidering this option. The Paralysis of CHRONIC UNEMPLOYMENT was not enough reason to change it. The level of ILLITERACY, PUBLIC HEALTH and HOUSING was not enough reason to change it. The TOTAL DEMORALISATION of our people was not enough reason to change it! Well, this Party, the Progressive Labour Party thought differently from its inception.

**The Progressive Labour Party**  
was established in May 1981 and from the genesis we have sought to embrace a different set of principles. We have shown another way. We have charted another course and we have identified THE PEOPLE OF ST. LUCIA as the main focus of all politics. We have stated repeatedly that THE PEOPLE must be at the centre of our political ETHOS.

It was hardly a year after our memorable Launching Congress in Corinth that we were faced with a General Election and we measured up to the challenge by presenting the electorate with A Statement of Principles and a Complete Programme for National Reconstruction. The Programme for National Reconstruction was based on a Ten-Point Schema and I wish to draw your attention both to the Ten Point Programme and the words of introduction to that Programme.

The Ten-Point Programme for National Reconstruction was as follows:-

**POINT ONE:**  
The Establishment of a Government of National Unity.

**POINT TWO:**  
The Development of Grass-roots Democracy and Effective Local Government.

**POINT THREE:**  
The Direction of Foreign Policy. Respect and friendship for all countries except Racist South Africa.

**POINT FOUR:**  
The Building of a Broad-based diversified economy.

**POINT FIVE:**  
Policy on Foreign Investment.

**POINT SIX:**  
Management of Economic Resources.

**POINT SEVEN:**  
Distribution of Economic Benefits.

**POINT EIGHT:**  
Social Development.

**POINT NINE:**  
Cultural Development.

**POINT TEN:**  
The Basic Rights, Freedom and Responsibilities which underpin the new thrust.

[further JPRS coverage dependent on source availability]

Rosie Douglas Remarks

Castries CRUSADER in English 25 Jan 86 pp 6-7

[Text]

Congress delegates and supporters were treated last Sunday to an unexpected curtain-raiser, when Rosie Douglas of Dominica rose to give a solidarity message to the second Congress of the Progressive Labour Party of St. Lucia.

The audience warmed immediately to his presentation in patois. It was familiar. It was racy and it was packed with all the information necessary to understand the subject. He moved into the familiar theme of slavery and its impact on Caribbean life and its expression in the colonial thinking of the right-wing leaders of the Caribbean. He pointed the example of Jamaica where the United States invested heavily, to bail-out the Seaga Government and today the country is deep in economic and political crisis because of its slavish adherence to the free-enterprise capitalist system. He said, "Caribbean economies must move to the tri-sectoral approach. There must be a private sector, a state sector, and a co-operative sector". He also criticised the repressive high-handed manner in which

Right Wing Regimes run their respective countries. "These leaders run their countries like an estate which was handed down to them".

The Dominican Parliamentarian then dealt with the situation affecting Nicaraguan Bananas which are being sold on the United Kingdom Market in competition with Windward Island Bananas. He said the solution is not to encourage further trade action against Nicaraguan Bananas but to pressurise the United States to lift the economic embargo against Nicaraguan Bananas.

The main event of the open session of the Congress was the Party Leader's Address. Bro. George in his own dynamic style held the attention of the delegates for all of two hours ranging through a variety of topics and giving party supporters the inspiration they needed to move into action. It was a thrilling morning session and those who saw those two Master Blasters in Action knew that the Caribbean Left was alive and kicking.

Letter to SLP

Castries CRUSADER in English 25 Jan 86 p 10

[Text]

New elected Chairman of the Progressive Labour Party. Bro. Jon Odlum has written to the Leader of the St. Lucia Labour Party, calling for dialogue between the two parties on the question of the unification of the Opposition.

The full text of Bro. Odlum's letter is as follows.

Dear Party Leader,

At the Second Congress of the Progressive Labour Party held at Vide Bouteille on 19th January 1986, resolutions were passed mandating the Party to open dialogue with Opposition Forces with a view to consolidating the Political Opposition in the country for the purpose of defeating the Government and charting a new course for the people of St. Lucia.

In addition to these resolutions encouraging Unity the general

mood of the Congress was in favour of the unification of the Opposition. As a matter of fact the theme of the Congress was UNITE FOR CHANCE.

Consequently I am formally suggesting to you that a meeting should be convened as quickly as possible between six top officers of the SLP and six top cadres of the PLP for the purpose of exploring the possibility of achieving such unity.

It is my view that we owe this much to the people of St. Lucia who are enduring considerable hardship under the present Regime.

I look forward to a prompt reply from you.

Yours Truly  
Jon Odlum  
Party Chairman.

Message From Youth Arm

Castries CRUSADER in English 25 Jan 86 p 5

[Text] Comrade Chairman, Comrade Party Leader, Members of the Podium, delegates, distinguished guests, youth, brothers and sisters, comrades, all.

On this occasion of our party's Second Congress, it gives me great honour to deliver this message from the Youth Arm.

This Congress of our party should present to us youth, the opportunity to be directly involved in the political process for change in our ruined country. We cannot overemphasize the importance of the youths' involvement in the political life of St Lucia. We should see it as a stepping stone into the future.

Our party the Progressive Labour Party seems like the glimmer of hope at the end of the dark tunnel of U.W.P.'S inefficiency, mismanagement, puppetry, arrogance, self-destruction and greed. It is with the hope of turning the economy into one of prosperity, giving the poor and suffering masses a feeling of that long dream of power, the feeling that for once they own, belong to and control this land. It is for these reasons that we continue to struggle.

The year Nineteen Hundred and Eighty Five was designated by the United Nations as International Year of the Youth and we of the Youth Arm proceeded to mobilise the country's youth around the banner of the Progressive Labour Party. As you would quite obviously realise, this was no easy task given the resources at our disposal. Despite the odds, we should say that we were able to encourage some unattached youth to come together for the purpose of improving their community. Last year also saw the arm expanding its international image with its participation at the 12th World Festival of Youth and Students held in Moscow. We are also pleased to report that some members have taken up studies at various vocational institutions in the Republic of Cuba. The Youth Arm of our party was very concerned and instrumental in the bringing about of the National Youth Council. It is our firm view that the most promising accomplishment of St Lucian Youth for 1985 I.Y.Y. was the Launching of the National Youth Council in its programme for the advancement of St Lucian Youth, culturally, socially and educationally.

Let us now salute the theme Unity: "UNITE FOR CHANGE!" As the Youth Arm reiterates this call, we recognise the need for all anti-Compton forces to come together for the removal of this anti-worker regime which now masquerades over this young nation. What masquerade indeed, as the Websters dictionary defines masquerade: an assembly of masked persons. Aren't they all masked? Masked under non-performance, masked under corruption, masked in egocentricity, masked under victimization, masked in the blood of victims, masked in their own mask.

We must unite against the forces which continue to keep the people unemployed to maintain their high profit levels. This capitalist system which is geared to seeing the ranks of the unemployed continue its steady progression is even worse when it is unmanaged by an inefficient regime.

Today the whole world stands in condemnation of the dehumanizing unparalleled acts of victimization, injustice and open institutionalized terrorism on a nation, this barbaric system of apartheid.

The Youth Arm of this party, the Progressive Labour Party has on every given opportunity voiced its total condemnation of apartheid and call on the Botha administration to end this wanton genocide and grant the black majority their rightful autonomy. We vigorously oppose those forces which are secretly for their selfish capitalist ends abetting this murderous system of apartheid. How many more lives must be lost in these unnecessary killings before the United States and England can apply full sanctions on the Pretoria regime. Why the employment of sanctions on Libya, a country of whose accusation the Reagan administration is yet to prove, while the glaring fact of South

Africa is lively on our television screens, but Reagan and Thatcher insist on accommodative diplomacy to keep the Black Majority in subvention.

Our solidarity will forever be with the freedom fighters of the ANC SWAPO and the daily struggles of black and white South Africans which stand to resist the institution of Apartheid. Let our clarion call today be echoed the world over that we demand with millions worldwide the unconditional release of Comrade Nelson Mandella and the cessation of further harassment to his wife, Winnie Mandella. There is obviously an increase in de-culturalization among our youth with the advent of U.S. Television service, and this is contributing to a serious breakdown in National consciousness and commitment toward the struggle for justice, economic survival, self-determination, peace and disarmament.

We demand respect for our sovereignty, respect for our peoples' right to decide who their leaders be and what path of development they wish to follow. We demand that the Caribbean basin be declared a zone of peace and the militarization of the region by the U.S. Imperialist be immediately stopped.

We can only achieve this goal with our deepest commitment towards the struggle, our firmest belief in the principles laid down by our party and our solidarity with the struggles of our brothers and sisters in Latin America, the Caribbean and Africa.

We the Youth can no longer sit idly by and allow our future to be daunted by the arrogance of a cantankerous Minister of Youth insensitive to the problems affecting our nation's young people, a Government devoid of the people, a society bent on dividing the young people and unappreciative of their talents in areas which develop our young people physically, mentally and technically. This brings to mind the U.W.P.'S murder of our aspiring intellectuals by refusing scholarships offered by the Government and people of Cuba and at the same time unable to pay the economic fees for students at the University of the West Indies. Such blatant neglect for one of the basic rights enshrined in the constitution can never be envisaged under a people's oriented administration.

We will never condemn our youth for the high birth rates recorded over the past three years of U.W.P. mal-administration nor will we condemn those innocent victims of the system, for we recognise that their plight is the effect of a cause rather than the cause of an effect. What we wish to suggest here is that these people have been forced into a situation which resulted out of the present regime's "infertility" in the socio economic "breadroom" and its only a government with the people at heart which will see to our situation being improved.

No, no thanks to their policy of handouts, sex-exploitation and to even legalised prostitution. A Government of the people must see to eradicating these present social disorders and give our people a way of hope, provide employment for the hundreds of unemployed young and not so young. Give the people a sense of purpose for living. Lift their confidence to the highest standard and above all respect their basic human rights.

Long live the spirit of the Second Congress of the Progressive Labour Party!

Long live the struggle of the Workers!

Long live the Progressive Labour Party Youth Arm!

Forward Ever, Backward Never!

UNITE FOR CHANGE!

#### Odlum Pre-Congress Interview

Castries CRUSADER in English 18 Jan 86 pp 6-7

[Text]

Leader of the Progressive Labour Party, George Odlum at a Pre-Congress Conference on Wednesday, launched a scathing attack on the social, economic and political policies of the United Workers Party Government and their failure to fulfil their election promises.

Speaking about the second Congress of his Party scheduled for Sunday 19th January, at the Castries Comprehensive Secondary School, Mr. Odlum said that the Congress will be reviewing the operations of the party, with a view to presenting an alternative to the present administration

He said that the Congress will also focus on the Human Rights record of the Government and the general political, economic, moral and social malaise of the country under the Compton Government. However, he said, upper-most in the minds of the Progressive Labour Party is the concept of opposition unity, in keeping with the theme of the Congress, "Unite for Change".

We publish this week, part one of the interview, in which Mr. Odlum spoke about the economic situation, the banana and tourist industries, and the question of Unity.

#### OPENING STATEMENT

#### PARTY LEADER GEORGE ODLUM: (PLP)

We thought it necessary on the Eve of the Congress, which is scheduled for Sunday 19th January at the Castries Comprehensive School, that we should have a Pre-Congress interview where there will be an opportunity to give some idea of how we see the Congress, what role it should play in the operations of the Party, and generally to give the press an opportunity to ask questions at large to establish the Party's position.

Well this is our second Congress, although in between the first and this, there was a special Congress held at Gros Islet. The Congress is a biennial feature of the operations of our Party and there had been a lapse where we

missed in two years for a number of reasons and at this Congress we should have the opportunity of reviewing the operations of the Party, making a start to the general mobilisation of the forces and opposition forces in the country and generally providing a critique of Government's performance over the past four years, because, there has been a ~~scug~~ of lapse in public meetings where part of the strategy of the Party was to allow the Government to carry on and only to identify the issues by means of our Newspaper so the public at large have not had the continuing critique of Government which we have been accustomed to in the past few years, so it's necessary now at the Party Congress, to take a look at the general performance of the Government, and the performance of the economy, to identify certain issues like the human rights record of the Government and the failure of the Government to implement their promises and generally the Congress should give people the feel that there is a presentation of an alternative, to what is going on in the country now. That there should be an alternative course or an alternative way. We will try either in the course of the Party Leader's address and with the resolutions and discussions that come up at the Congress to identify a different course, which would enable the electorate in St. Lucia to make up their minds as to whether there is a viable alternative in the Country or not. Of course a number of the issues that have taken place in the past few years will be highlighted, and these issues we think will focus the mind of the populace at large,

on the real quality of life in the country and whether the Government had lived up to its expectation or not.

RADIO ST. LUCIA: Just a short while ago you said that you will be looking out to see whether the Government had lived up to its expectation. Do you think they have?

GEORGE ODLUM: I think it is clear they have not lived up to the expectations and the general feeling around the place, the experience of living in St. Lucia today answers that question very, very vividly. I mean the question of unemployment is basic and serious and there has been no attempt to tackle this seriously at any level whatever. If we look at the model they presented of using the Eastern, the far Eastern countries and bringing in companies from the East, Hong-Kong and Taiwan and so, to boost the manufacturing sector, this has failed completely and in some instances there has been catastrophes. Like the Taiwan Company which established here and moved away with a quarter-million dollars of the National Bank Funds. This is a scandal, and the fact that we have had a number of unpleasant incidents involving deaths surrounding some of Taiwan's operations here in St. Lucia. So in a way that whole idea has collapsed in the face of the Government.

We remembered specific promises like in the case of the last Budget saying that a task-force would be established on unemployment and specific proposals made, a time limit was put on that and up to now nothing has materialised. There has been no

concerted attack on the unemployment situation and a number of the social problems which arise in the Community at the moment and heavens knows there are quite a lot. A lot of them arise from the basic fact that the youth are unemployed and there is such a high percentage of people just with no visible needs of income, and this give rise to a number of serious social problems. These of us who could cast our minds back to the rhetoric of the elections, will remember how specific the promises were. It was not just an undertaking by Government that they would try to create employment. There were specific promises, that within three months there would be a large scale employment in the economy. The economy itself would be turning around. Now the turning around of an economy is a very involved thing you have to grapple with different sectors of the economy and to imagine that you would turn it around in six months is farcical. But this was the specific election promise of the United Workers Party, that they would turn the economy around in six months, when the level of unemployment was high, when there were a number of issues, there was a liquidity problem, there was the high level of debt servicing, which has got worst, despite all the boast of the Government that things are looking up we still have on record what the World Bank said, and the fact that the World Bank has deemed St. Lucia as not being Credit Worthy, and the fact that the World Bank said St. Lucia is spending at a tremendous rate, and the revenues are not keeping pace, so every year the deficit is going higher and higher and

incidentally they contrasted this with the years of the Labour Performance, the short spell of the Labour Government, when there was actually a surplus at the time. Very often we see the Labour Government is being criticised for having paid out wages and salaries to public servants. Mr. Compton never fails to remind us that it's the Labour Government that gave money to the Workers "Willy-nilly" meaning that they didn't deserve but we just gave them hand-outs. The point is at that time we were operating at a surplus and right now they have brought that down, so there is a deficit every year, running at 4.5 percent of the Gross Domestic Product in 1985. So in all the Great Talk, the level of management of the Compton Administration has been pretty near hopeless, that is against the background of having created an elaborate Ministry of Finance, which was geared at managing the economy. At a time when Mr. Compton said specifically to the nation during the hustings, that there were too many Ministries, he would have to cut it down, that there were over-employment in the public service and the Civil Service had to be stream-lined. But when he went in, he jazzed up the Ministry of Finance to an additional forty jobs. So what was feather-bedding, he increased the feather bedding and for that we haven't seen the level of management manifesting itself in additional revenues and a higher level of revenue collection. We haven't seen that at all, instead the World Bank is complaining that you cannot continue servicing your debt if you are spending so much and recovering so little.

So it is quite clear that the performance of the Government leaves quite a lot to be desired and the bluff and the rhetoric we hear over the radio, things like the Banana Production has gone up. So it has, but the inputs to the banana industry are pretty expensive inputs, the cost of chemical in the banana industry is pretty high and there is a high profit element in the cost of chemicals and so into the banana industry. Now a serious government would be looking into those things. The production level is not all. It's easy to get production, the level of marketing, the economics of the industry is very important.

Tourism is on everybody's lips these days. You hear the boast that we wouldn't have sufficient hotels and this is a bumper season. The Hotels are not filled now, mind you, and we are in the height of the season at the moment. But what is important about the tourist industry in St. Lucia, and it has a larger importance than that it affects the tourist industry in the entire Caribbean, is the fact that we have more tourist arrivals in St. Lucia does not mean that there is more money circulating on the ground for the people of St. Lucia, because we have a horrible system of pre-paid Tourism now. The pre-package tour, where everything is paid for overseas. Now we are reduced to the situation, where in at least two of our hotels, Couples and Club Med we have the system where people traffick in beads. They buy drinks in beads and pay for their cigarettes in beads. We have gone back to the days of the Indians where they bring beads to take away our viability and our

sovereignty. That's a very serious situation where very little of the Foreign exchange accruing from the Tourist Industry is filtering down to the man on the streets in the respective territories. We can focus on St. Lucia, but that is a wider Caribbean problem and I think it should be looked at fiercely and seriously, because we cannot put our resources on the market and the man on the street is not seeing the actual benefit of tourism coming down to him. There is a tendency, there is a move to promote St. Lucian Tourism now, and a lot is being done to promote it, but they have a mind-set about St. Lucia Tourism. They are selling tourism to the people of the country, irrespective of whether Tourism is an intrinsic benefit to the people of the country. They are not critical and analytical enough about the tourist industry to see where the leakage in the tourist dollar is. Sometime ago in the 60's there was a specific study on the leakage of the tourist dollar, to find out how much of that dollar returns overseas and how much stays here. They are not over-concerned with that at the moment. If you listen to the radio they will tell you how many million dollars were spent in buying fish from fishermen for the Tourist Industry, how many dollars were spent as specific figures. They do not give you comparative figures as to how much of every tourist dollar remains here, and whether it filters down to different parts of the economy. Tourism might increase in the amount of tourist arrivals, but that doesn't necessarily mean that it is filtering through to all levels of our

community and making a tremendous impact on our lives. So while the tourist multiply here, it's possible that the quality of life might deteriorate considerably.

Now this business of pre-paid package tours overseas, is very, very, good for some people. It means that a few people are piling up a tremendous amount of foreign exchange overseas, but the majority of the people of the country are not seeing the benefit of that and that is a serious indictment. It is in a way debilitating for the economy. It casts a reflection on our own sovereignty in our country. It shows that the Government is an accomplice in this, because while there is a lot of talk about getting E.C. forms for foreign exchange, it shows that the Government is aware that this happens and is taking no serious step to ensure that this tremendous drain on foreign exchange does not affect the quality of life of our people. So it is very easy to prove that the rhetoric has not been satisfied and it was just an empty promise and certainly the quality of life of people in St. Lucia has deteriorated considerably over the past four years.

VOICE:

Mr. Odlum one of the principle questions in St. Lucian politics today especially as we run up to general elections is the question of Unity. Up to now there have been mouthings in some circles, which is up to now is just an awakening between two men, but what is really needed in the opinion of the Labour Forces here, is that this Unity must be carefully spelt out, carefully worked out to provide a workable solution to form an alternative to

the Government? Especially because of the dismal record in Unity that existed some time ago. Is this question of Unity high up on the agenda of your Congress, and what are the ways that have been worked out to make it work and lasting?

GEORGE ODLUM:

I cannot preempt the mood and feeling of the Congress by telling what are the specific proposals for Unity! I could tell you that Unity is foremost in the mind of the Progressive Labour party at the moment. As a matter of fact the theme of the Congress is "Unite for Change", and we are not talking alone of Unity within the Progressive Labour Party. We are talking of a broader unity. Unity between the progressive forces, or the opposition forces in the country. We are talking of a larger Unity than that. We're talking of the unity of workers in the country, against common evils. We're talking about the unity of the people of St. Lucia as a whole, because we have emphasised the divisive role of party politics in the society and it was our constant feeling during the 1982 election that no single party could have turned round the economy in St. Lucia and we needed a broad unity, a national unity in order to impact on the tremendous economic and political problems that we have in the country.

Right now every speech the Prime Minister makes, he is very careful to say that he has not got the support of the people. He is careful to say that the people are not co-operating with Government. In his New Year's

message," he said that "You couldn't get a band to play for you on the question of our National event if you didn't pay them because there isn't this level of support. You couldn't get a football team to indulge in a charity match because they want money. This puts the finger on exactly the problem we identified prior to the '82 elections. We said it was useless this divisive politics taking its root at this stage. It was crucial that the parties got together and form a broad front of National Unity which would embrace all sectors of the economy, but of course this had to be done against a specific programme and the programme would be the key to this sort of thing. The fact that the programme must be a progressive programme which would take the country on a definite alternative course. So I agree with you completely that the accord between two men is only a start for a thrust for Unity. It is only a small oasis in the desert. What we want to see is a more institutional tightening up and a more serious approach to the consolidation of the opposition forces in the country in order to give the people a real alternative in government.

I am hoping that in the course of the Congress that these ideas will be articulated and out of the Congress might come specific resolutions. But of course these resolutions would affect only the operations of the Progressive Labour Party and its relationship to other parties, and other groups and the people of St. Lucia at large. But these resolutions would not bind them to any other organisations or parties in St.

Lucia. But we are hoping that out of the Congress might come the type of mood that the people of St. Lucia will understand the need for that Unity and take the cudgels up, in forcing obstructionist elements to come to terms with the need for unity.

#### RADIO ST. LUCIA:

I am seeking for a confirmation or denial. There is talk that yourself and Peter Josie are thinking of uniting forces to fight the next general elections. Is this the case.

#### GEORGE ODLUM:

Well we have had talks about the necessity for uniting in order to fight the anti-imperialist fight, in order to fight the forces in the country that are keeping the people divided, in order to fight Comptonism. We have agreed on the fact that this is important. As a matter of fact not Mr. Josie alone, there are a number of people in parties like the St. Lucia Labour Party who are themselves seized of the need to have an accommodation and an understanding of that sought. A number of people, some of them have made public statements about it. Mr. Modest is on record as making public statements of that kind. Mr. Carlyle Jn. Baptiste is on record as saying so. Mr. Kenneth Foster a strong personality in the Labour Party is on record as saying that there is a need for that kind of unity. Mr.

Butcher who is associated with Labour and a strong platform performer in the last election, strongly take this line. So there are a number of people in the St. Lucia Labour Party themselves

who see that the only way out is having this unified consolidation of forces in order to fight the Government. So while there is an understanding between Mr. Josie and myself that there is need for this consolidation, it cannot be institutionalised in a way, because it's a question of parties which must take that decision. So probably at the Congress we might have an articulation of views which would carry us nearer to some sort of understanding of the factors involved in Unity.

CRUSADER:

Have you identified what specifically is preventing the Labour Parties from getting together?

GEORGE ODLUM:

Well, I cannot be specific on that because I have had no formal talk with the leader of the Labour Party, as to what are the impediments or what he feels. We can guess that he has never responded to the call, and the call has never been directed at him, admittedly, but his reactions and the fact that he went to his last Convention and tried to extract a mandate against Unity is very revealing and is something which must distress quite a number of people. It is a kind of very bold step, in a day when Reagan is meeting with Gorbachev, and in a day where opposition forces all over are seeing the need to come together to confront the common enemy. Even in Guyana today there is a consolidation of opposition forces both across the right and the left and the centrist

spectrum, which one didn't think was possible, because some parties in Guyana had never taken the view that they had to unite with right wing forces even, and the logic of the situation in Guyana now has forced a number of the parties to come together. In other parts of the Caribbean like Trinidad, that kind of accommodation is in train and it is very revealing when you can get a negative approach like that going into a Party Convention to get a mandate against consolidation and against unity. I am hoping that some forces would be unleashed and some new and fresh thinking would take place inside the Labour Party, which would treat that as an aberration which they could put right in the fullness of time and I am hoping some good sense would prevail. Because we have to see this not through the personal feelings of any single politician, but we have

to see it in terms of letting down the people of St Lucia who are desperate for a solution and want to see a way out of the economic impasse, and out of the moral and political impasse which [words illegible] the country today.

TO BE CONTINUED NEXT WEEK [no continuation carried in issues of CRUSADER dated 25 January and 1 February 1986.]

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MITCHELL POLICIES IN OECS HIT BY OPPOSITION UPM

Bridgetown CARIBBEAN CONTACT in English Feb 86 p 5

[Text]

**ST. VINCENT:** The foreign policy of the James Mitchell administration in St. Vincent and the Grenadines has been subjected to some criticism by one of its major opponents, the United People's Movement (UPM).

In separate statements following the recent OECS Heads of Government summit in November last year and the thrust by the ruling New Democratic Party (NDP) regime to develop relations with Latin America, the extra-parliamentary opposition party called for changes in the structure and outlook of the Organisation of Eastern Caribbean States (OECS), and for the Mitchell administration to adopt a Third World orientation in its foreign policy initiatives and positions.

In its first statement released since the November OECS summit, the UPM charged that the leaders of this grouping, to which St. Vincent and the Grenadines belong, "were not heeding the lessons of the history of the regional movement".

Referring to the OECS as "political structures without people", the UPM pointed to the OECS summit itself as "a clear expression of the non-popular nature of the OECS apparatus", noting that "its meetings are held entirely indoors", and that there are never any outdoor meetings in countries hosting the summits, where the people can meet the leaders. "There are also signs that the OECS may be degenerating into a regional right-wing party coalition, instead of a regional people's apparatus," said the UPM's statement.

"The OECS is best known to the public for paving the way to rationalise the US invasion of Grenada, and the subsequent increased military fortification of the region's governments and the regional *status quo*," the UPM lamented.

In another statement the UPM also commented on the statements made at the OECS summit by Prime Minister James Mitchell, outlining his government's "three-pronged approach"

to external relations. (Mitchell had said his administration's foreign policy would be aimed at North America, the European Economic Community, and Latin America, adding that "what we get otherwise is a welcome supplement".)

By then, Mitchell had just returned from an official visit to Columbia, and relations were being developed with Venezuela at a higher level than under the preceding Cato administration. The UPM said it supported the administration's development of relations with the Latin American states, as "a step in the right direction" and added that the argument from some sections that relations should not be developed with Columbia and other countries because of the existence of the illegal drug trade was unacceptable to the UPM.

Nevertheless the statement said that as far as the party was concerned, Prime Minister Mitchell's assertion that relations should be developed only with countries that were able to give aid and assistance to St. Vincent and the Grenadines was wrong.

"It is like saying that we must care more for better-off relatives than for poor ones, because they can help us," said the UPM statement adding, "it reduces our foreign policy to one of expediency rather than principle."

As an alternative, the UPM called for a foreign policy that contains "strong opposition to all forms of colonialism, racism and apartheid; solidarity with those struggling against such forms of domination; links with Third World countries including the Middle East and Africa;

and development of economic and political relations, not only with the West, but also with the socialist countries".

Regarding its earlier criticism of the OECS, the UPM also offered several suggestions and recommendations for changes it would like to see introduced into the sub-regional organisation.

"The transformation of the OECS depends fundamentally on harnessing and upgrading the forces of the workers, farmers and peasants movements and re-orienting the business and professional sectors.

The Vincentian opposition party also called for establishment of a sub-regional parliament, to be called "an OECS People's Assembly", saying that too much is discussed in closed quarters, and arguing that "the people's place must be secured in the OECS debate about the destiny of our citizens".

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TEWARIE CHARGES MINISTER WITH TRYING TO SPLIT NAR

Port-of-Spain EXPRESS in English 29 Jan 86 p 34

[Text]

RONNIE Williams is attempting to cause tensions within the National Alliance for Reconstruction. And it will not work.

So said Dr Beau Tewarie General Secretary of NAR in an interview with the EXPRESS yesterday. Tewarie said that while the issue of public accountability was a political one, "it was not necessarily a partisan issue. Rather it was a matter to which all decent and clear-thinking citizens could rally."

Williams, the Minister of State Enterprises, had stated that Tapia had no constituency and that he "supposed" Myers "brilliant political move" found a place for the party in "certain alliances."

Tewarie said NAR has always been aware that all forces which constitute it must be taken into account if it was to forge a cohesive and national party. "So that the question of Tapia fighting for a place does not arise at all." He said Myers had advised NAR's political leadership of his intention (to go on a fast) "so that his action would not take them by surprise." He added that Myers' stand on public accountability is in keeping with the NAR's position. He said the NAR political leadership is committed to welcoming talent, which, from Tapia's "point of view" is a "good sign."

He said Williams' contention was an attempt to "stigmatise" Myers' fast and to divert from the real issue at hand — the issue of public accountability, "which is at the heart of any democratic process."

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## TRINIDAD AND TOBAGO

### NAR HITS VENEZUELA FISHING PACT; COAST GUARD AID SOUGHT

#### Panday Criticism

Port-of-Spain EXPRESS in English 8 Feb 86 p 3

[Text]

**OPPOSITION Leader Basdeo Panday said yesterday that a National Alliance for Reconstruction (NAR) government would renegotiate the present fishing agreement with Venezuela to provide more benefits for the local fishermen.**

Panday commented on the arrest and detention of 27 Cedros/Icacos fishermen by the Venezuelan National Guard on Wednesday evening. Panday said it was "a disturbing reality that our fishermen are still being persecuted by the Venezuelan authorities even though a treaty had been signed."

Panday said that the treaty did not provide much

benefits for fishermen and an NAR government would have to renegotiate it. He said the delay by the government in getting the fishing passes to the fishermen was "basic to the problems in the Gulf." He said the Government must tell the fishermen if there is an agreement or not.

Said Panday: "We will be prepared to go to Venezuela to negotiate the release of the fishermen if the PNM government cannot do it. It would appear to us that the Government never consulted fishermen before negotiating the treaty. Or if it had consulted with them, the suggestions of the fishermen had not been entertained. An NAR government will renegotiate this treaty after exhaustive discussions with the fishermen."

#### Further Criticism

Port-of-Spain TRINIDAD GUARDIAN in English 14 Feb 86 p 7

[Text]

WHILE TRINIDAD'S fishermen from Cedros and Icacos are being held from time to time by Venezuelan authorities, the Venezuelan fishermen are being allowed to fish as near as 50 to 60 feet from the Icacos shores without being arrested.

A report from Icacos yesterday stated that only a week ago Venezuelan trawlers were seen close to the Icacos beach, fishing freely. "Where is our Coast Guard?" asked fishermen.

And the situation has prompted Opposition Leader Basdeo Panday to call for revision on the new two-year

fishing treaty negotiated by the Governments of both countries, which is yet to be ratified and put into operation.

Mr. Panday said he firmly believed the terms and conditions of the agreement would be flouted by fishermen from Venezuela. "Treaty or no treaty the Venezuelans will be allowed to continue to deplete our marine resources without being prevented from doing so;" he stated.

"The treaty would be meaningless as far as Trinidad is concerned, if effective security was not introduced in this country's water," he added.

## Call on Coast Guard

Port-of-Spain TRINIDAD GUARDIAN in English 14 Feb 86 p 7

[Text]

TRINIDAD and Tobago's fishermen have requested the presence of the Coast Guard in the Gulf of Paria and the north and south coasts.

At a meeting conducted by Agriculture, Lands and Food Production Minister Kamaluddin Mohammed, they said "this would prevent fishermen from other countries fishing in our territorial waters."

A release from the Ministry on the meeting did not state what kind of response the fishermen got. Mr. Mohammed could not be contacted yesterday afternoon.

### More Talks

Main purpose of the all-morning session was to bring trawler owners and operators up to date on details of the new fishing agreement between Trinidad and Tobago and Venezuela.

Among matters discussed were the size of nets and concern by conservationists about the dwindling resources.

Because of outstanding matters, the Minister directed that another meeting be held this time with more representatives of the fishing industry on February 20 and 21 at the Caribbean Fisheries Training and Development Institute at Chaguanas.

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TRINIDAD AND TOBAGO

WORKERS, UNION CONTINUE CONFRONTATION WITH CARONI

Panday Orders

Port-of-Spain EXPRESS in English 8 Feb 86 p 40

[Article by Harry Partap]

[Text]

**ALL** Trinidad Sugar and General Workers Trade Union leader Basdeo Panday ordered sugar workers to handle all farmers' canes but not those supplied from contracted mechanical harvesters.

Panday gave the order during a mass membership meeting of the union held at the Rienzi Complex in Couva on Thursday evening. Panday praised the stand taken by the National Workers and Farmers' Union (NWFU) led by Raffique Shah. He said NWFU understood the position of sugar workers who had been without a pay increase

since 1982. Panday said NWFU was a workers' organisation which sympathised with workers' pains and tribulations.

However, Panday had harsh words for the Trinidad Island-wide Cane Farmers Association (TICFA) chairman Seepersad Arjoonsingh whom he branded as a "PNM fanatic leading a PNM organisation." Panday said TICFA had no interest in the legitimate demands of any worker in the country. He said TICFA had been deprived of nearly all its members and was merely a paper organisation supporting the ruling party.

But despite this attack from TICFA, he said, sugar workers

should not refuse to handle farmers' canes. Panday said farmers support the cause of the sugar workers. The union leader told the sugar workers that despite all attempts to settle the wage dispute, the company had refused to budge. He said neither the company nor the government was interested in settling the wage problem.

Panday dismissed as "rubbish" a charge that the union's leadership had acted irresponsibly in the matter. Said Panday: "To those who say that we acted irresponsibly let me ask them what I should do. We have exhausted all the legitimate and legal avenues set out by this government to settle the dispute.

Mechanical Shutdown

Port-of-Spain SUNDAY GUARDIAN in English 9 Feb 86 p 7

[Article by Mikey Mahabir]

[Text]

THERE was a complete shutdown of mechanical harvesting operations throughout state-owned Caroni (1975) Limited yesterday, and the situation is expected to continue today.

Opposition Leader Basdeo Panday, President General of All Trinidad Sugar and General Workers Trade Union and General Secretary Sam N Maharaj, both stated that not a single harvester, either company or contractors, worked.

Mr Tony Doyal, public relations Manager of Caroni confirmed that the harvesters did not work yesterday.

Mr Panday believed that the two factories Brechin Castle and St Madeleine may be affected by Monday morning due to the lack of supply of sufficient cane. A company official also shared a similar view.

The union's move is to get Caroni to withdraw its appeal in the wages and cost of living issue. The Industrial Court on January 25, last year, handed down a decision in the matter calling for the payment of more than \$100 Million by the Company.

## Support for Union

Port-of-Spain TRINIDAD GUARDIAN in English 14 Feb 86 p 7

[Article by Mikey Mahabir]

[Text]

THE STAGE is all set for another weekend protest by sugar workers employed by Caroni (1975) Ltd.

And while they are getting ready to prevent mechanical harvesting throughout the company's operations tomorrow and Sunday, a report reaching Opposition Leader Basdeo Panday, President General of All Trinidad Sugar and General Workers Trade Union, is that the company is discussing the current problems with the hope of finding a solution.

Mr. Panday said it was reported to him that a top managerial meeting was held on Wednesday on the situation at the company. Officials of Caroni could not be contacted today.

The sugar workers are calling on Caroni to withdraw its appeal in the wages and cost of living allowance issue and pay them the award of the Industrial Court of more than \$100 million. The award was handed down on January 25, last year.

According to Mr. Panday, that is the principal grouse of the sugar workers who are also protesting retrenchment and under-employment.

Mr. Sam Maharaj, General Secretary of the union said it was about a year now that the company filed the appeal. No date has yet been fixed for hearing.

Meanwhile, executive officers of the union are satisfied with the co-operation they received last weekend from operators of mechanical harvesters owned by contractors, according to a union source.

Mr Panday said last weekend's shutdown of mechanical harvesting operations throughout the company's cultivation was successful. "We are now watching further developments," said the union leader.

He is hoping the company would "come to its senses" and call in the union for discussions.

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TRINIDAD AND TOBAGO

BRIEFS

METHANOL PLANT HOLDUP--The instability of prices in the energy market has caused a postponement of a joint venture methanol plant. In the release, the National Energy Corporation stated that "following a recent review between Imperial Chemical Industries (ICI) and the NEC of the basis of the development of the proposed Joint Venture Methanol Plant, ICI has conveyed its decision to hold up further development of the project until such time as greater stability in the energy market is achieved." But work geared towards drafting recommendations to the government on the project will be pursued by NEC and Trinidad and Tobago Oil Company, also associated with the project. This recommendation draft will be presented by the middle of this year. The plant which was to be sited at Point Fortin was estimated to cost U.S. \$155 million. [Text] [Port-of-Spain EXPRESS in English 8 Feb 86 p 40] /9317

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END